

Contract Summary Sheet

Contract (PO) Number: 8858

Specification Number: 35948

Name of Contractor: CHATHAM CLUB, LLC

City Department: PLANNING & DEVELOPMENT

Title of Contract: Redevelopment Agreement 89th and Indiana Ave

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

\$3,600,000 00

PO Start Date: 4/2/03

PO End Date: 4/1/21

Brief Description of Work: Redevelopment Agreement 89th and Indiana Ave

Procurement Services Contact Person: THOMAS DZIEDZIC

Vendor Number: 50087828

Submission Date:

MAY - 2 2005

RDA

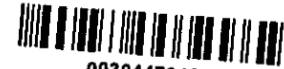
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CHATHAM CLUB, L.L.C.

REDEVELOPMENT AGREEMENT

89th & STATE REDEVELOPMENT PROJECT AREA

BY AND BETWEEN

THE CITY OF CHICAGO

AND

CHATHAM CLUB, L L C ,
an Illinois Limited Liability Company

This agreement was prepared by
and after recording return to
William A Nyberg Esq
City of Chicago Law Department
121 North LaSalle Street, Room 600
Chicago, IL 60602



**CHATHAM CLUB, L.L.C. REDEVELOPMENT AGREEMENT
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**CHATHAM CLUB, L.L.C. REDEVELOPMENT AGREEMENT
LIST OF SCHEDULES AND EXHIBITS**

Schedules

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|------------|------------------------|
| Schedule A | Definitions |
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Exhibits

- | | |
|-------------|---|
| Exhibit A | *Redevelopment Area Legal Description |
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| Exhibit G | *Permitted Liens |
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| Exhibit I | Approved Prior Expenditures |
| Exhibit J | Opinion of Developer's Counsel |
| Exhibit K | *Preliminary TIF Projection -- Real Estate Taxes |
| Exhibit L | City of Chicago Department of Housing Affordable Housing Guidelines |
| Exhibit M | City of Chicago Insurance Certificate Form |

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

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This agreement was prepared by and
after recording return to
William A Nyberg Esq
City of Chicago Law Department
121 North LaSalle Street, Room 600
Chicago IL 60602

CHATHAM CLUB, L.L.C. REDEVELOPMENT AGREEMENT

This Chatham Club, L L C Redevelopment Agreement (the "**Agreement**") is made as of this 2nd day of April, 2003, by and between the City of Chicago, an Illinois municipal corporation (the "**City**"), through its Department of Planning and Development ("**DPD**"), and Chatham Club, L L C , an Illinois limited liability company (the "**Developer**")

RECITALS:

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

B. **Statutory Authority**: The City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74 4-1 et seq (2000 State Bar Edition)

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as amended from time-to-time (the "Act"), to finance projects that eradicate blighted conditions through the use of tax increment allocation financing for redevelopment projects

C. **City Council Authority:** To induce redevelopment pursuant to the Act, the City Council of the City (the "City Council") adopted the following ordinances on April 1, 1998 (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the 89th & State Redevelopment Project Area", (2) "An Ordinance of the City of Chicago, Illinois Designating the 89th & State Redevelopment Project Area as a Redevelopment Project Area Pursuant to Tax Increment Allocation Redevelopment Act", and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the 89th & State Redevelopment Project Area" (the "TIF Adoption Ordinance") (collectively the three ordinances are referred to herein as the "TIF Ordinances") The redevelopment project area (the "Redevelopment Area") is legally described in Exhibit A hereto

D. **The Project:** The Developer has purchased (the "Acquisition") certain property located within the Redevelopment Area at 89th and Indiana Avenue, Chicago, Illinois 60619 and legally described in Exhibit B hereto (the "Property"), and generally illustrated as the shaded area on the map attached to Exhibit B hereto As of the date of this Agreement, Developer has built, sold and closed 143 new single-family homes (individually a "Home" and collectively the "Homes") on the Property, and has also constructed a playlot and open green space on the Property. The Homes and related improvements (including but not limited to those TIF-Funded Improvements as defined below and set forth in Exhibit C) are collectively referred to herein as the "Project " The completion of the Project would not reasonably be anticipated without the financing contemplated in this Agreement

E. **Redevelopment Plan:** The Project will be carried out in accordance with this Agreement and the City of Chicago 89th & State Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project dated November 26, 1997 (the "Redevelopment Plan") attached hereto as Exhibit D, as amended from time-to-time

F. **City Financing:** The City plans to use Available Incremental Taxes (as defined below), to reimburse the Developer for the costs of TIF-Funded Improvements (as defined below) pursuant to the terms and conditions of this Agreement

NOW, THEREFORE, in consideration of the premises and 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 hereby agree as follows

ARTICLE ONE: INCORPORATION OF RECITALS

The recitals set forth above are hereby incorporated into this Agreement by reference and made a part hereof.

ARTICLE TWO: INCORPORATION OF DEFINITIONS

2.01 **Definitions.** The definitions stated in Schedule A are hereby incorporated into this Agreement and made a part hereof

ARTICLE THREE: THE PROJECT

3.01 **The Project.** With respect to the Project, the Developer shall, pursuant to the Plans and Specifications: (i) commence construction no later than August 1, 1998; and (ii) complete construction of the Homes no later than July 31, 2001.

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

3 03 **Project Budget.** The Developer has furnished to DPD, and DPD has approved, a Project Budget showing total costs for the Project in an amount not less than \$33,637,500, based on a projected sales of 143 homes The Developer hereby certifies to the City that (a) it has Lender Financing and Equity in an aggregate amount sufficient to pay for all Project Costs, and (b) the Project Budget is true, correct and complete in all material respects The Developer shall promptly deliver to DPD certified copies of any Change Orders with respect to the Project Budget for approval pursuant to Section 3 04 hereof

3 04 **Change Orders.** Except as provided below, all Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project must be submitted by the Developer to DPD concurrently with the progress reports described in Section 3 07 hereof. provided, however, that any Change Orders relating to any of the following must be submitted by the Developer to DPD for DPD's prior written approval (a) a reduction in the total number of Homes to be built below 75 Homes, or, (b) a change of the use of the Property to a use other than single family residential The Developer shall not authorize or permit the performance of any work relating to any Change Order requiring DPD's prior written approval or the furnishing of materials in connection therewith prior to the receipt by the Developer of DPD's written approval. The Construction Contract, and each contract between the General Contractor and any subcontractor, shall contain a provision to this effect. An approved Change Order shall not be deemed to imply any

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obligation on the part of the City to increase the amount of City Funds, or to provide any other additional assistance to the Developer. Notwithstanding anything to the contrary in this Section 3 04, Change Orders costing less than Twenty-Five Thousand Dollars (\$25,000.00) each, to an aggregate amount of One Hundred Thousand Dollars (\$100,000 00), do not require DPD's prior written approval as set forth in this Section 3.04, but DPD shall be notified in writing of all such Change Orders prior to the implementation thereof and the Developer, in connection with such notice, shall identify to DPD the source of funding therefor

3 05 DPD Approval. Any approval granted by DPD of the Scope Drawings, Plans and Specifications and the Change Orders is for the purposes of this Agreement only, and any such approval does not affect or constitute any approval required by any other City department or pursuant to any City ordinance, code, regulation or any other governmental approval, nor does any such approval by DPD pursuant to this Agreement constitute approval of the quality, structural soundness, safety, habitability or investment quality of the Property, the Homes or the Project Developer will not make any verbal or written representation to anyone to the contrary

3 06 Other Approvals. Any DPD approval under this Agreement shall have no effect upon, nor shall it operate as a waiver of, the Developer's obligations to comply with the provisions of Section 5 03 (Other Governmental Approvals) hereof. The Developer shall not commence construction of the Project until the Developer has obtained all necessary permits and approvals (including but not limited to DPD's approval of the Scope Drawings and Plans and Specifications) and proof of the General Contractor's and each subcontractor's bonding, as required hereunder

3 07 Progress Reports and Survey Updates. After the Closing Date, to the extent requested by DPD, on or before the 15th day of each month, the Developer shall provide DPD with written monthly progress reports detailing the status of the Project, including a revised completion date, if necessary (with any change in completion date being considered a Change Order, requiring DPD's written approval pursuant to Section 3 04) The Developer shall provide three (3) copies of an updated Survey to DPD upon the request of DPD or any lender providing Lender Financing, reflecting improvements made to the Property

3 08 Inspecting Agent or Architect. An independent agent or architect (other than the Developer's architect) approved by DPD shall be selected by Developer to act as the inspecting agent or architect for the Project, and any fees and expenses connected with its work or incurred by such independent agent or architect shall be solely for the Developer's account and shall be promptly paid by Developer. The inspecting agent or architect shall perform periodic inspections with respect to the Project, providing written certifications with respect thereto to DPD, prior to requests for disbursement for costs related to the Project

3 09 Barricades. Prior to commencing any construction requiring barricades, the Developer shall install a construction barricade of a type and appearance satisfactory to the City and constructed in compliance with all applicable Federal, State or City laws, ordinances, rules

and regulations DPD retains the right to approve the maintenance, appearance, color scheme, painting, nature, type, content and design of all barricades

3 10 **Signs and Public Relations.** The Developer shall erect in a conspicuous location on the Property during the Project, a sign of size and style approved by the City, indicating that financing has been provided by the City. The City reserves the right to include the name, photograph, artistic rendering of the Project and any other pertinent information regarding the Developer, the Property and the Project in the City's promotional literature and communications

3 11 **Utility Connections.** The Developer may connect all on-site water, sanitary, storm and sewer lines constructed on the Property to City utility lines existing on or near the perimeter of the Property, provided the Developer first complies with all City requirements governing such connections, including the payment of customary fees and costs related thereto.

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

3.13 **Affordable Housing Requirement.** At least 28 of the 143 Homes to be built in the Project will be priced for sale by the Developer within affordability levels as established by the City of Chicago Department of Housing's Affordable Housing Guidelines as set forth in Exhibit L hereto, as amended and updated from time-to-time Prior to the time that the City will reimburse the Developer pursuant to Section 4 03(a) hereof for expenses related to any Home which is intended by the Developer to meet the affordability requirement described above, the Developer must present evidence to DPD, in a form satisfactory to DPD, that the persons purchasing such Home meet the income eligibility criteria defined by the City of Chicago Department of Housing and DPD Developer will maintain a file at its principal place of business with complete documentation on income eligibility, in a form acceptable to DPD

3 14 **Accessibility for Disabled Persons** Developer acknowledges that it is in the public interest to design, construct and maintain the Project in a manner which promotes, enables, and maximizes universal access throughout the Property. Plans for all buildings and improvements on the property shall be reviewed and approved by the Mayor's Office for People with Disabilities (MOPD) to ensure compliance with all applicable laws and regulations related to access for persons with disabilities and to promote the highest standard of accessibility

3 15 **Release Forms.** To the extent requested by Developer on the Closing Date, the City will provide the Developer, by deposit in escrow with the escrowee handling the closings for the sale of Homes, with an appropriate number of release forms (not to exceed 143), in form and substance satisfactory to the City and executed by DPD, to be recorded in the office of the Recorder of Deeds of Cook County with the deed at the closing of the sale of each Home in the Project Such release form would release the purchasers of a Home from any covenants running

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with the land as described in Section 7 02(b) hereof resulting from Developer's obligations under this Agreement provided, however, that no such release delivered to a purchaser of a Home shall be deemed or construed to release the Developer from any of Developer's obligations under this Agreement. None of the purchasers receiving a release form may be an Affiliate of Developer.

ARTICLE FOUR: FINANCING

4 01 **Total Project Cost and Sources of Funds.** The cost of the Project is estimated to be \$33,637,500 to be applied in the manner set forth in the Project Budget. Such costs shall be funded from the following sources:

Equity (subject to <u>Section 4 06</u>)	\$ 1,300,000
Lender Financing	11,055,000
Sale Proceeds	17,682,500
<u>City Funds</u>	<u>3,600,000</u>
ESTIMATED TOTAL	\$33,637,500

Developer may in its discretion, substitute Sales Proceeds amounts for Lender Financing as a source of funds for the Project.

4 02 **Developer Funds.** Equity, Lender Financing and/or Sale Proceeds shall be used to pay all Project costs, including but not limited to Redevelopment Project Costs and costs of TIF-Funded Improvements.

4 03 **City Funds.**

(a) **Uses of City Funds**

(i) City Funds may be used to reimburse the Developer only for costs of TIF-Funded Improvements that constitute Redevelopment Project Costs. Exhibit C sets forth, by line item, the TIF-Funded Improvements for the Project, and the maximum amount of costs that may be reimbursed from City Funds for each line item therein, contingent upon receipt by the City of documentation satisfactory in form and substance to DPD evidencing such cost and its eligibility as a Redevelopment Project Cost.

(ii) The Developer will accrue the right to reimbursement for TIF-Funded Improvements from Available Incremental Taxes deposited in the 89th & State Redevelopment Project Area TIF Fund on an annual basis only after 75 Homes are built, sold and closed. Developer shall be entitled to receive no such funds until it has built, sold and closed the sale of not less than seventy-five (75) Homes, of which twenty-two (22) must meet affordability guidelines and requirements as provided in Section 3.13.

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above. Annually, during the last quarter of each calendar year, beginning with the year that 75 Homes are first built, sold and closed, and continuing until the calendar year in which the Project is completed (as evidenced by the issuance of a Certificate), the amount of reimbursement from City Funds payable hereunder, based on the number of Homes actually built, sold and closed at such time, shall be calculated by DPD DPD shall calculate such amount by multiplying (A) 11.66% by (B) the sum of: (x) Fixed Costs expended to date by the Developer, and (y) the other actual Redevelopment Project Costs expended to date by the Developer that relate to Homes built, sold and closed; which costs have been submitted to DPD on a Requisition Form and approved by DPD (but excluding all such costs which have previously been considered by DPD in making such calculation in previous years)(the sum of (x) and (y) above, shall in no event exceed \$33,637,500), provided, however, that in no event shall such amount of City Funds payable hereunder exceed the amount of TIF-Funded Improvements. In addition, for purposes of making this calculation, the number of Homes built, sold and closed shall be limited by the requirement that twenty percent (20%) of the number of Homes built, sold and closed [28 out of 143 homes, if the maximum number of homes are built, sold and closed] must meet the affordability guidelines referred to in Section 3.13 hereof

(b) Sources of City Funds Subject to the terms and conditions of this Agreement, including but not limited to this Section 4 03 and Article 5 hereof, the City hereby agrees to reimburse the Developer for a portion of the costs of the TIF-Funded Improvements from Available Incremental Taxes deposited in the 89th & State Redevelopment Project Area TIF Fund (the "City Funds"); provided, however, that the total amount of City Funds to be used to reimburse the Developer for incurring expenses related to TIF-Funded Improvements shall be an amount not to exceed the lesser of Three Million, Six Hundred Thousand Dollars (\$3,600,000), or eleven and sixty-six hundredths percent (11 66%) of the actual total Project costs (not to exceed \$33,637,500), and provided further, that the City Funds shall be available to reimburse costs related to TIF-Funded Improvements only so long as

(i) The amount of the Available Incremental Taxes deposited into the 89th & State Redevelopment Project Area TIF Fund shall be sufficient to pay for such costs,

(ii) The Developer has met the requirements of Section 3 13 (Affordable Housing Requirement) and Section 4 03(a) hereof, as determined by DPD, and

(iii) No Event of Default, or condition or event that with notice or the passage of time or both would constitute an Event of Default, has occurred and has not been cured.

The Developer acknowledges and agrees that the City's obligation to reimburse costs related to TIF-Funded Improvements is contingent upon the fulfillment of all of the conditions set forth in parts (i), (ii) and (iii) above. DPD shall retain the right to approve or reject, in its sole discretion, the designation of any cost in the Project Budget as (i) a TIF-Funded Improvement, or (ii) a part of the actual total Project costs.

4 04 **Requisition Form.** On or prior to each October 1 (or such other date as the parties may agree to), beginning in 2000 and continuing throughout the earlier of (i) the Term of the Agreement or (ii) the date that the Developer has been reimbursed in full under this Agreement, the Developer shall provide DPD with a Requisition Form, in the form of Exhibit F hereto, along with the documentation described therein. Requisition for reimbursement of TIF-Funded Improvements shall be made not more than one time per year (or as otherwise permitted by DPD). On each December 1, (or such other date as may be acceptable to the parties), beginning in 2000 and continuing throughout the Term of the Agreement, the Developer shall meet with DPD to discuss the Requisition Form previously delivered.

4 05 **Treatment of Prior Expenditures and Subsequent Disbursements.**

(a) **Prior Expenditures** Only those expenditures made by the Developer with respect to the Project prior to the Closing Date, evidenced by documentation satisfactory to DPD and approved by DPD as satisfying costs covered in the Project Budget, shall be considered previously contributed Equity or Lender Financing hereunder (the "**Prior Expenditure(s)**"). DPD shall have the right, in its sole discretion, to disallow any such expenditure as a Prior Expenditure. Exhibit I hereto sets forth the prior expenditures approved by DPD as Prior Expenditures. Prior Expenditures made for items other than TIF-Funded Improvements shall not be reimbursed to the Developer, but shall reduce the amount of Equity and/or Lender Financing required to be contributed by the Developer pursuant to Section 4 01 hereof.

(b) **City Fee.** The City may allocate an amount, not to exceed twenty percent (20%) of the Incremental Taxes (including that from the Property used to determine Available Incremental Taxes) deposited in the 89th & State Redevelopment Project Area TIF Fund, as a fee (the "**City Fee**"), for payment of costs incurred by the City in the administration and monitoring of the Project and Redevelopment Area. The Developer shall not be required to pay the City Fee, and the City Fee shall be disbursed from the 89th & State Redevelopment Project Area TIF Fund prior to the disbursement of City Funds to reimburse the Developer hereunder for TIF-Funded Improvements.

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

4 06 **Cost Overruns.** If the aggregate cost of the TIF-Funded Improvements exceeds City Funds available pursuant to Section 4 03 hereof, the Developer shall be solely responsible for such excess costs, and shall hold the City harmless from any and all costs and expenses of completing the TIF-Funded Improvements in excess of City Funds.

4.07 **Unit and Base Sale Price Structure** Developer has represented to DPD that its proposed unit and base sale price structure for the Homes comprising the Project is as follows

<u>Number of Units</u>	<u>Proposed Base Sale Price</u>
19	\$135,900 (affordable housing)
19	\$159,900 (affordable housing)
19	\$189,900
19	\$207,900
19	\$209,900
19	\$222,900
19	\$235,900
<u>10</u>	\$259,900
143	

Subject to the requirements of Section 3.13 and Section 4.03(a)(ii), Developer shall be free to change the number of units within any base sale price, provided, however, that if at any time during the Term of the Agreement, Developer's Project Profit exceeds \$3.0 million, as evidenced by Developer's Financial Statements provided to DPD as required by Section 8.13, and copies of closing statements required by Section 8.06 hereof, then the amount of any City Funds to be reimbursed to Developer under Section 4.03(b) hereof shall be reduced by 35% (\$0.35) for each dollar of Developer's Project Profit over \$3.0 million. For example, if Developer's Project Profit is \$4.0 million, then the amount of City Funds to be reimbursed to Developer would be reduced by \$350,000 (\$4.0MM minus \$3.0MM equals \$1.0MM, multiplied by 35% equals \$350,000 reduction). In connection with any adjustments under this Section, the City shall have the right of recovery of City Funds previously paid to Developer.

ARTICLE FIVE: CONDITIONS PRECEDENT

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

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

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

5.03 **Other Governmental Approvals.** Not less than five (5) days prior to the Closing Date, the Developer shall have secured all other necessary approvals and permits required to begin construction of Homes by any Federal, State, or local statute, ordinance, rule or regulation and shall submit evidence thereof to DPD.

5.04 Financing. The Developer shall have furnished proof acceptable to the City that the Developer has Equity and Lender Financing in the amounts set forth in Section 4.01 hereof to complete the Project and satisfy its obligations under this Agreement. If a portion of such financing consists of Lender Financing, the Developer shall have furnished proof as of the Closing Date that the proceeds thereof are available to be drawn upon by the Developer as needed and are sufficient (along with the Equity and other sources set forth in Section 4.01) to complete the Project. Prior to the Closing Date, the Developer shall deliver to DPD a copy of the construction escrow agreement entered into by the Developer regarding Developer's Lender Financing. Any liens against the Property in existence at the Closing Date held by Developer's Lender shall be subordinated to certain encumbrances of the City set forth herein pursuant to a Subordination Agreement, in a form acceptable to the City, executed on or prior to the Closing Date, which is to be recorded, at the expense of the Developer, in the Office of the Recorder of Deeds of Cook County. On or before the Closing Date, and thereafter in connection with the submission of requisition forms under Section 4.04, the Developer shall also provide to DPD evidence of any Home sales and the Sale Proceeds received therefrom.

5.05 Acquisition and Title. On the Closing Date, the Developer shall furnish the City with a copy of the Title Policy for the Property, certified by the Title Company, showing the Developer as the named insured. The Title Policy shall be dated as of the Closing Date and shall contain only those title exceptions listed as Permitted Liens on Exhibit G hereto and shall evidence the recording of this Agreement pursuant to the provisions of Section 8.18 hereof. The Title Policy shall also contain such endorsements as shall be required by Corporation Counsel, including but not limited to an owner's comprehensive endorsement and satisfactory endorsements regarding zoning (3.1 with parking), contiguity, location, access and survey. The Developer shall provide to DPD, prior to the Closing Date, documentation related to the purchase of the Property and certified copies of all easements and encumbrances of record with respect to the Property not addressed, to DPD's satisfaction, by the Title Policy and any endorsements thereto.

5.06 Evidence of Clean Title. Not less than five (5) Business Days prior to the Closing Date, the Developer, at its own expense, shall have provided the City with current searches under the Developer's name (and the following trade names of the Developer Chatham Woods Corporation) as follows:

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

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

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

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

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

5.10 **Evidence of Prior Expenditures.** Not less than twenty (20) Business Days prior to the Closing Date, the Developer shall have provided evidence satisfactory to DPD in its sole discretion of the Prior Expenditures in accordance with the provisions of Section 4 05(a) hereof

5 11 **Financial Statements.** Not less than thirty (30) days prior to the Closing Date, the Developer shall have provided Financial Statements to DPD for its last four fiscal years if available, and its most recently available audited or unaudited interim Financial Statements

5 12 **Additional Documentation.** The Developer shall have provided documentation to DPD, satisfactory in form and substance to DPD, with respect to current employment matters

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

5 14 **Entity Documents.** The Developer shall provide a copy of its current Articles of Organization and Operating Agreement, with all amendments, containing the original certification of the Secretary of State of its state of organization, certificates of good standing from the Secretary of State of its state of organization and all other states in which the Developer is qualified to do business; a secretary's certificate in such form and substance as the Corporation Counsel may require; and such other corporate-type documentation as the City may request.

5.15 **Litigation.** The Developer shall provide to Corporation Counsel and DPD, at least ten (10) Business Days prior to the Closing Date, a description of all pending or threatened litigation or administrative proceedings involving the Developer or any Affiliate of Developer, specifying, in each case, the amount of each claim, an estimate of probable liability, the amount of any reserves taken in connection therewith and whether (and to what extent) such potential liability is covered by insurance

5.16 **Preconditions of Disbursement.**

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

(i) the total amount of the disbursement request represents the actual costs of acquisition or the actual amount payable to (or paid to) the General Contractor and/or subcontractors who have performed work on the Project, and/or their payees;

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

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

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

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

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

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

deposit shall first be exhausted before any further disbursement of the City Funds shall be made.

(b) Additionally, the Developer shall have satisfied all other preconditions of disbursement of City Funds for each disbursement, including but not limited to, requirements set forth in the TIF Ordinances, and/or this Agreement. The City shall have the right, in its discretion, to require the Developer to submit further documentation as the City may require in order to verify that the matters certified to above are true and correct, and any disbursement 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.

5.17 **Closing Statements.** The Developer shall submit to DPD a copy of each final, executed closing statement for each sale of a Home which has occurred prior to the Closing Date

ARTICLE SIX: AGREEMENTS WITH CONTRACTORS

6.01 **Bid Requirement for General Contractor and Subcontractors.** (a) DPD has approved the Developer's selection of BEJCO Construction Co as the general contractor (the "**General Contractor**") for the construction of the Project. The Developer shall cause the General Contractor to solicit bids from qualified contractors eligible to do business with the City, and shall submit all bids received to DPD for its inspection and written approval as follows:

(i) For the TIF-Funded Improvements, the Developer shall cause the General Contractor to select the subcontractor submitting the lowest responsible bid who can complete the Project in a timely manner. If the General Contractor selects any subcontractor submitting other than the lowest responsible bid for the TIF-Funded Improvements, the difference between the lowest responsible bid and the bid selected may not be reimbursed from City Funds,

(ii) For Project work other than the TIF-Funded Improvements, if the General Contractor selects any subcontractor who has not submitted the lowest responsible bid, the difference between the lowest responsible bid and the higher bid selected shall be subtracted from the actual total Project costs for purposes of the calculation of the amount of City Funds to be contributed to the Project pursuant to Section 4 03(b) hereof

The Developer shall submit copies of the Construction Contract to DPD in accordance with Section 6 02 below. Photocopies of all subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) Business Days of the execution thereof

(b) The fee of the General Contractor proposed to be paid out of City Funds shall be limited to ten percent (10%) of the total amount of the Construction Contract.

6 02 **Construction Contract.** Prior to the execution thereof, the Developer shall deliver to DPD a copy of the proposed Construction Contract with the General Contractor selected to

manage the Project in accordance with Section 6 01 above, for DPD's prior written approval. Such approval shall be granted or denied within ten (10) Business Days after delivery thereof. Within ten (10) Business Days after execution of such contract by the Developer, the General Contractor and any other parties thereto, the Developer shall deliver to DPD and Corporation Counsel a certified copy of such contract together with any modifications, amendments or supplements thereto.

6 03 Performance and Payment Bonds. Prior to commencement of construction, the Developer shall require that the General Contractor be bonded for its payment by sureties having an AA rating or better using American Institute of Architect's Form No. A311 or its equivalent. The City shall be named as obligee or co-obligee on such bond.

6 04 Employment Opportunity. The Developer shall contractually obligate and cause the General Contractor and each subcontractor to agree to the provisions of Article 10 hereof.

6.05 Other Provisions. In addition to the requirements of this Article 6, the Construction Contract and each contract with any subcontractor shall contain provisions required pursuant to Section 3 04 (Change Orders), Section 8 09 (Prevailing Wage), Section 10.01(e) (Employment Opportunity), Section 10 02 (City Resident Construction Worker Employment Requirement), Section 10 03 (the Developer's MBE/WBE Commitment) (but only for the Construction Contract) Article 12 (Insurance) and Section 14 01 (Books and Records) hereof. Photocopies of all contracts or subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) Business Days of the execution thereof.

ARTICLE SEVEN: COMPLETION OF CONSTRUCTION

7.01 Certificate of Completion of Construction.

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

(b) The City would consider the Project complete when the number of new Home closings which have occurred is between 75 and 143, based on documentation of such closings provided by the Developer to DPD which is satisfactory to DPD, and the Developer in its written request for a Certificate states that no more closings will occur.

7.02 Effect of Issuance of Certificate; Continuing Obligations.

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

(b) Those covenants specifically described at Section 8.02 (Covenant to Redevelop) Section 8.20 (Real Estate Provisions) as covenants that run with the land are the only covenants in this Agreement intended to be binding upon any transferee of the Property (including an assignee as described in the following sentence, and subject to Section 3 15) throughout the Term of the Agreement notwithstanding the issuance of a Certificate. The other executory terms of this Agreement that remain after the issuance of a Certificate shall be binding only upon the Developer or a permitted assignee of the Developer who, pursuant to Section 18 14 (Assignment) of this Agreement, has contracted to take an assignment of the Developer's rights under this Agreement and assume the Developer's liabilities hereunder.

7 03 Failure to Complete. If the Developer fails to timely complete the Project in accordance with the terms of this Agreement, then the City shall have, but shall not be limited to, any of the following rights and remedies

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

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

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

7 04 Notice of Expiration of Term of Agreement. Upon the expiration of the Term of the Agreement, DPD shall provide the Developer, at the Developer's written request, with a written notice in recordable form stating that the Term of the Agreement has expired

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**ARTICLE EIGHT: REPRESENTATIONS, WARRANTIES AND COVENANTS
OF THE DEVELOPER.**

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

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

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

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

(d) unless otherwise permitted pursuant to the terms of this Agreement, the Developer has acquired and shall maintain good, indefeasible and merchantable fee simple title to the Property free and clear of all liens (except for the Permitted Liens, Lender Financing as disclosed in the Project Budget and non-governmental charges that the Developer is contesting in good faith pursuant to Section 8 15 hereof),

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

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

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

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

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

change in the assets, liabilities, results of operations or financial condition of the Developer since the date of the Developer's most recent Financial Statements,

(j) prior to the issuance of a Certificate, the Developer shall not do any of the following without the prior written consent of DPD. (1) be a party to any merger, liquidation or consolidation, (2) sell, transfer, convey, lease or otherwise dispose of all or substantially all of its assets or any portion of the Property (including but not limited to any fixtures or equipment now or hereafter attached thereto), except in the ordinary course of business (which shall include the sale of Homes), (3) enter into any transaction outside the ordinary course of the Developer's business; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity; or (5) enter into any transaction that would cause a material and detrimental change to the Developer's financial condition;

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

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

8 02 Covenant to Redevelop. Upon DPD's approval of the Scope Drawings and Plans and Specifications, and the Project Budget as provided in Sections 3 02 and 3 03 hereof, and the Developer's receipt of all required building permits and governmental approvals, the Developer shall redevelop the Property in accordance with this Agreement and all exhibits attached hereto, the TIF Ordinances, the Scope Drawings, Plans and Specifications, the Project Budget and all amendments thereto, and all Federal, State and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project, the Property and/or the Developer. The covenants set forth in this Section 8 02 shall run with the land and be binding upon any transferee

8 03 Redevelopment Plan. The Developer represents that the Project is and shall be in compliance with all of the terms of the Redevelopment Plan

8 04 Use of City Funds. City Funds disbursed to the Developer shall be used by the Developer solely to reimburse the Developer for its payment for the TIF-Funded Improvements as provided in this Agreement.

8.05 Other Bonds. The Developer shall, at the request of the City, agree to any reasonable amendments to this Agreement that are necessary or desirable in order for the City to issue (in its sole and absolute discretion) any bonds (the "**Bonds**") in connection with the

Project, the proceeds of which are to be used to reimburse the City for expenditures made in connection with the TIF-Funded Improvements, provided, however, that any such amendments shall not have a material adverse effect on the Developer or the Project. The Developer shall, at the Developer's expense, cooperate and provide reasonable assistance in connection with the marketing of any such Bonds, including but not limited to providing written descriptions of the Project, making representations, providing information regarding its financial condition and assisting the City in preparing an offering statement with respect thereto.

8.06 Home Sale Closing Statements. Developer shall submit to DPD a copy of each final, executed closing statement for each sale of a Home, within 10 business days of a closing.

8.07 Employment Opportunity. The Developer covenants and agrees to abide by, and contractually obligate and use reasonable efforts to cause the General Contractor and each subcontractor to abide by the terms set forth in Section 8.09 and Article 10 hereof, and Developer will submit to DPD a plan describing its compliance program prior to the Closing Date. The Developer shall deliver to the City written progress reports detailing compliance with the requirements of Sections 8.09, 10.02 and 10.03 of this Agreement. Such reports shall be delivered to the City when the Project is 25%, 50%, 70% and 100% complete (based on the amount of expenditures incurred in relation to the Project Budget). If any such reports indicate a shortfall in compliance, the Developer shall also deliver a plan to DPD which shall outline, to DPD's satisfaction, the manner in which the Developer shall correct any shortfall.

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

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

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

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

8 12 Disclosure of Interest. The Developer's counsel has no direct or indirect financial ownership interest in the Developer, the Property or any other feature of the Project.

8 13 Financial Statements. The Developer shall obtain and provide to DPD Financial Statements for the Developer's 1998 to 2001 fiscal years and each quarter thereafter for the Term of the Agreement. In addition, the Developer shall submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other periods as DPD may request

8 14 Insurance. The Developer, solely at its own expense, shall comply with all provisions of Article Twelve hereof

8 15 Non-Governmental Charges.

(a) Payment of Non-Governmental Charges Except for the Permitted Liens, the Developer agrees to pay or cause to be paid when due any Non-Governmental Charge assessed or imposed upon the Project, the Property or any fixtures that are or may become attached thereto, which creates, may create, or appears to create a lien upon all or any portion of the Property or Project, provided however, that if such Non-Governmental Charge may be paid in installments, the Developer may pay the same together with any accrued interest thereon in installments as they become due and before any fine, penalty, interest, or cost may be added thereto for nonpayment The Developer shall furnish to DPD, within thirty (30) days of DPD's request, official receipts from the appropriate entity, or other proof satisfactory to DPD, evidencing payment of the Non-Governmental Charge in question

(b) Right to Contest The Developer shall have the right, before any delinquency occurs

(i) to contest or object in good faith to the amount or validity of any Non-Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted, in such manner as shall stay the collection of the contested Non-Governmental Charge, prevent the imposition of a lien or remove such lien, or prevent the sale or forfeiture of the Property (so long as no such contest or objection shall be deemed or construed to relieve, modify or extend the Developer's covenants to pay any such Non-Governmental Charge at the time and in the manner provided in this Section 8 15), or

(11) at DPD's sole option, to furnish a good and sufficient bond or other security satisfactory to DPD in such form and amounts as DPD shall require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Property or any portion thereof or any fixtures that are or may be attached thereto, during the pendency of such contest, adequate to pay fully any such contested Non-Governmental Charge and all interest and penalties upon the adverse determination of such contest

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

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

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

8.19 **Maintenance of Playlot and Open Space.** City and Developer agree that the playlot and open space to be constructed as part of the Project shall be private property, and shall be maintained by the owners of the Homes through a homeowners association fee, and the City (and any Department thereof) or the Chicago Park District shall have no cost or operational responsibility whatsoever for the maintenance of such playlot and open space. Nearby residents that do not reside in the Project site shall have access to the playlot

8.20 **Real Estate Provisions.**

(a) **Governmental Charges**

(i) **Payment of Governmental Charges** The Developer agrees to pay or cause to be paid when due all Governmental Charges (as defined below) which are assessed or imposed upon the Developer, the Property or the Project, or become due and payable, and which create, may create, or appear to create a lien upon the Developer or all or any portion of the Property or the Project. "Governmental Charge" shall mean all Federal, State, county, the City, or other governmental (or any instrumentality, division, agency,

body, or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances relating to the Developer, the Property or the Project, including but not limited to real estate taxes

(11) Right to Contest. The Developer shall have the right before any delinquency occurs to contest or object in good faith to the amount or validity of any Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted in such manner as shall stay the collection of the contested Governmental Charge and prevent the imposition of a lien or the sale or forfeiture of the Property. The Developer's right to challenge real estate taxes applicable to the Property is limited as provided for in Section 8.20(c) below; provided, that such real estate taxes must be paid in full when due and may be disputed only after such payment is made. No such contest or objection shall be deemed or construed in any way as relieving, modifying or extending the Developer's covenants to pay any such Governmental Charge at the time and in the manner provided in this Agreement unless the Developer has given prior written notice to DPD of the Developer's intent to contest or object to a Governmental Charge and, unless, at DPD's sole option:

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

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

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

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(c) Real Estate Taxes.

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

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

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

(iv) No Objections Neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer, shall object to or in any way seek to interfere with, on procedural or any other grounds, the filing of any Underassessment Complaint (as defined below) or subsequent proceedings related thereto with the Cook County Assessor or with the Cook County Board of Appeals, by either the City or any taxpayer. The term "**Underassessment Complaint**" as used in this Agreement shall mean any complaint seeking to increase the assessed value of the Project up to (but not above) the Minimum Assessed Value as shown in Exhibit K

(v) Covenants Running with the Land. The parties agree that the restrictions contained in this Section 8 20(c) are covenants running with the land and this Agreement shall be recorded by the Developer as a memorandum thereof, at the Developer's expense, with the Cook County Recorder of Deeds on the Closing Date. These restrictions shall be binding upon the Developer and its agents, representatives, lessees, successors, assigns and transferees from and after the date hereof, provided however, that the covenants shall be released when the Redevelopment Area is no longer in effect. Subject to Section 3 15, the Developer agrees that any sale, lease, conveyance, or transfer of title to all or any portion of the Property or Redevelopment Area from and after the date hereof shall be made explicitly subject to such covenants and restrictions. Notwithstanding anything contained in this Section 8 20 (c) to the contrary, the City, in its sole discretion and by its sole action, without the joinder or concurrence of the Developer, its successors or assigns,

may waive and terminate the Developer's covenants and agreements set forth in this Section 8 20(c)

8 21 **Broker's Fees.** Developer has no liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement for which the City could become liable or obligated

8 22 **Landscaping.** The Developer hereby agrees that it will landscape the Property as follows (i) for the portions of the Project along 89th Street and Indiana Avenue, the landscaping will consist of standard parkway tree plantings consistent with Residential Planned Development No 661, (the "PD") and the City of Chicago Open Space Impact Fee Ordinance, Journal of the Proceedings of the City Council, dated April 1, 1998 at pp 65269-65275, (the "**Landscape Ordinance**"), (ii) for the interior street of the Project, the landscaping will include ground cover, flowers and trees consistent with the PD and the Landscape Ordinance; and (iii) for landscaping which is intended to act as a buffer for the Project from neighboring industrial areas, there shall be a stockade fence, grass and trees (consistent with the PD), and (iv) for the southwest portion of the Project that is along State Street, there shall be a 6 foot high cedar fence/gate

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

8 24 **Survival of Covenants.** All warranties, representations, covenants and agreements of the Developer contained in this Article Eight and elsewhere in this Agreement shall be true, accurate and complete at the time of the Developer's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and (except as provided in Article Seven hereof upon the issuance of a Certificate) shall be in effect throughout the Term of the Agreement

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**ARTICLE NINE: REPRESENTATIONS, WARRANTIES AND COVENANTS
OF CITY**

9 01 **General Covenants.** The City represents that it has the authority as a home rule unit of local government to execute and deliver this Agreement and to perform its obligations hereunder

9 02 **Survival of Covenants.** All warranties, representations, and covenants of the City contained in this Article Nine or elsewhere in this Agreement shall be true, accurate, and complete at the time of the City's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and be in effect throughout the Term of the Agreement

ARTICLE TEN: DEVELOPER'S EMPLOYMENT OBLIGATIONS

10 01 **Employment Opportunity.** The Developer, on behalf of itself and its successors and assigns, hereby agrees, and shall contractually obligate its or their various contractors, subcontractors or any Affiliate of the Developer operating on the Property (collectively, with the Developer, such parties are defined herein as the "**Employers**", and individually defined herein as an "**Employer**") to agree, that for the Term of this Agreement with respect to Developer and during the period of any other party's provision of services in connection with the construction of the Project or occupation of the Property

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

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

(c) Each Employer shall comply with all Federal, State and local equal employment and affirmative action statutes, rules and regulations, including but not limited to the City's Human Rights Ordinance and the State Human Rights Act, 775 ILCS 5/1-101 et seq (1996 State Bar Edition, as amended), and any subsequent amendments and regulations promulgated thereto

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

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

(f) Failure to comply with the employment obligations described in this Section 10 01 shall be a basis for the City to pursue remedies under the provisions of Section 15 02 hereof.

10 02 City Resident Construction Worker Employment Requirement The Developer agrees for itself and its successors and assigns, and shall contractually obligate its General Contractor and shall cause the General Contractor to contractually obligate its subcontractors, as applicable, to agree, that during the construction of the Project they shall comply with the minimum percentage of total worker hours performed by actual residents of the City as specified in Section 2-92-330 of the Municipal Code of Chicago (at least 50 percent of the total worker hours worked by persons on the site of the Project shall be performed by actual residents of the City), provided, however, that in addition to complying with this percentage, the Developer, its General Contractor and each subcontractor shall be required to make good faith efforts to utilize qualified residents of the City in both unskilled and skilled labor positions. The Developer, the General Contractor and each subcontractor shall use their respective best efforts to exceed the minimum percentage of hours stated above, and to employ neighborhood residents in connection with the Project

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

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

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

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

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

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

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

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

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

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

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

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

a Consistent with the findings which support the Minority-Owned and Women-Owned Business Enterprise Procurement Program (the "**MBE/WBE Program**"), Section 2-92-420 et seq., Municipal Code of Chicago, and in reliance upon the provisions of the MBE/WBE Program to the extent contained in, and as qualified by, the provisions of this Section 10.03, during the course of the Project, at least the following percentages of the construction budget set forth in Exhibit H-1 hereto (or actual construction related costs, whichever is lower), shall be expended for contract participation by MBEs or WBEs

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

The Developer, its successors and assigns and the General Contractor shall each use their respective best efforts to exceed the percentages set forth above.

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

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

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a General Contractor (but only to the extent of any actual work performed on the Project by the General Contractor), by subcontracting or causing the General Contractor to subcontract a portion of the Project to one or more MBEs or WBEs, or by the purchase of materials used in the Project from one or more MBEs or WBEs, or by any combination of the foregoing. Those entities which constitute both a MBE and a WBE shall not be credited more than once with regard to the Developer's MBE/WBE commitment as described in this Section 10 03. The Developer or the General Contractor may meet all or part of this commitment through credits received pursuant to Section 2-92-530 of the Municipal Code of Chicago for the voluntary use of MBEs or WBEs in its activities and operations other than the Project.

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

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

f Any reduction or waiver of the Developer's MBE/WBE commitment as described in this Section 10 03 shall be undertaken in accordance with Section 2-92-450, Municipal Code of Chicago.

g Prior to the commencement of the Project, the Developer, the General Contractor and all major subcontractors shall be required to meet with the monitoring staff of DPD with regard to the Developer's compliance with its obligations under this Section 10 03. During this meeting, the Developer shall demonstrate to DPD its plan to achieve its obligations under this Section 10 03, the sufficiency of which shall be approved by DPD. During the Project, the Developer shall submit the documentation required by this Section 10 03 to the monitoring staff of DPD. Failure to submit such documentation on a timely basis, or a determination by DPD, upon analysis of the documentation, that the Developer is not complying with its obligations hereunder shall, upon the delivery of written notice to the Developer, be deemed an Event of Default hereunder. Upon the occurrence of any such Event of Default, in addition to any other remedies

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provided in this Agreement, the City may (1) issue a written demand to the Developer to halt the Project, (2) withhold any further payment of any City Funds to the Developer or the General Contractor, or (3) seek any other remedies against the Developer available at law or in equity

ARTICLE ELEVEN: ENVIRONMENTAL MATTERS

11 01 **Environmental Matters** The Developer hereby represents and warrants to the City that the Developer has conducted environmental studies sufficient to conclude that the Project may be constructed, completed and operated in accordance with all Environmental Laws and this Agreement and all Exhibits attached hereto, the Scope Drawings, Plans and Specifications and all amendments thereto, the Bond Ordinance, if any, and the Redevelopment Plan.

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

ARTICLE TWELVE: INSURANCE REQUIREMENTS

12 01 **Insurance Requirements** Developer's insurance requirements are stated in Schedule B which is hereby incorporated into this Agreement by reference and made a part hereof

ARTICLE THIRTEEN: INDEMNIFICATION

13.01 **General Indemnity**. Developer agrees to indemnify, pay and hold the City, and its elected and appointed officials, employees, agents and affiliates (individually an "**Indemnitee**," and collectively the "**Indemnitees**") harmless from and against, any and all liabilities, obligations, losses, damages,, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever, (and including, without limitation,

the reasonable fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnitees shall be designated a party thereto), that may be imposed on, suffered, incurred by or asserted against the Indemnitees in any manner relating to or arising out of:

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

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

ARTICLE FOURTEEN: MAINTAINING RECORDS/RIGHT TO INSPECT

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

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incorporate this right to inspect, copy, audit and examine all books and records into all contracts entered into by the Developer with respect to the Project.

14 02 **Inspection Rights.** Upon three (3) Business Days' notice, any authorized representative of the City shall have access to all portions of the Project and the Property during normal business hours for the Term of the Agreement

ARTICLE FIFTEEN: DEFAULT AND REMEDIES

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

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

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

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

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

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

(f) the appointment of a receiver or trustee for the Developer, for any substantial part of the Developer's assets or the institution of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of the Developer; provided, however, that if

such appointment or commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such appointment is not revoked or such proceedings are not dismissed within sixty (60) days after the commencement thereof;

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

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

(i) the dissolution of the Developer, or

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

For purposes of Section 15.01(j) hereof, a natural person with a material interest in the Developer shall be one owning in excess of thirty-three percent (33%) of the Developer's issued and outstanding ownership shares or interests

15 02 Remedies. Upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements, and may suspend disbursement of City Funds. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to injunctive relief or the specific performance of the agreements contained herein.

15 03 Curative Period.

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

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

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and thereafter diligently and continuously prosecutes the cure of such default until the same has been cured.

ARTICLE SIXTEEN: MORTGAGING OF THE PROJECT

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

(a) In the event that a mortgagee or any other party shall succeed to the Developer's interest in the Property or any portion thereof pursuant to the exercise of remedies under a Mortgage or deed of trust (other than an Existing Mortgage or a Permitted Mortgage) whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18 14 hereof, the City may, but shall not be obligated to, attorn to and recognize such party as the successor in interest to the Developer for all purposes under this Agreement and, unless so recognized by the City as the successor in interest, such party shall be entitled to no rights or benefits under this Agreement, but such party shall be bound by those provisions of this Agreement that are covenants expressly running with the land

(b) In the event that any mortgagee or any other party shall succeed to the Developer's interest in the Property or any portion thereof pursuant to the exercise of remedies under an Existing Mortgage or a Permitted Mortgage, whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18 14 hereof, the City hereby agrees to attorn to and recognize such party as the successor in interest to the Developer for all purposes under this Agreement so long as such party accepts all of the obligations and liabilities of "the Developer" hereunder, provided, however, that, notwithstanding any other provision of this Agreement to the contrary, it is understood and agreed that if such party accepts an assignment of the Developer's interest under this Agreement, such party shall have no liability under this Agreement for any Event of Default of the Developer which accrued prior to the time such party succeeded to the interest of the Developer under this Agreement, in which case the Developer shall be solely responsible However, if such mortgagee under a Permitted Mortgage or an Existing Mortgage does not expressly accept an assignment of the Developer's interest hereunder, such party shall be entitled to no rights and benefits under this Agreement, and such party shall be bound only by those provisions of this Agreement, if any, which are covenants expressly running with the land.

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

ARTICLE SEVENTEEN: NOTICES

17 01 **Notices** All notices and any other communications under this Agreement will (A) be in writing; (B) be sent by (i) telecopier/fax machine, (ii) delivered by hand, (iii) delivered by an overnight courier service which maintains records confirming the receipt of documents by the receiving party, or (iv) registered or certified U.S Mail, return receipt requested, (C) be given at the following respective addresses

If to the City
City of Chicago
Department of Planning and Development
Attn: Commissioner
121 North LaSalle Street, Room 1000
Chicago, IL 60602
312/744-4471 (Main No)
312/744-7669 (Fax)

With Copies To
City of Chicago
Corporation Counsel
Attn Finance and Economic Development Division
121 North LaSalle Street, Room 600
Chicago, IL 60602
312/744-0200 (Main No)
312/744-8538 (Fax)

If to the Developer
Chatham Club L L C
c/o BEJCO Development Corporation
Attn President
191 North Wacker Drive
Suite 925
Chicago, Illinois 60606
312/621-9100 (Main No)
312/621-9200 (Fax)

With Copies To
Langdon D Neal, Esq
Neal Murdock & Leroy, L L C
203 North LaSalle Street
Suite 2300
Chicago, Illinois 60601
312/641-7144 (Main No.)
312/641-5137 (Fax)

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or at such other address or telecopier/fax or telephone number or to the attention of such other person as the party to whom such information pertains may hereafter specify for the purpose in a notice to the other specifically captioned "Notice of Change of Address" and, (D) be effective or deemed delivered or furnished (i) if given by telecopier/fax, when such communication is confirmed to have been transmitted to the appropriate telecopier/fax number specified in this section, and confirmation is deposited into the U.S. Mail, postage prepaid to the recipient's address shown herein, (ii) if given by hand delivery or overnight courier service, when left at the address of the addressee, properly addressed as provided above.

ARTICLE EIGHTEEN: ADDITIONAL PROVISIONS

18 01 **Amendments**. This Agreement and the Exhibits attached hereto may not be modified or amended except by an agreement in writing signed by the parties; provided, however, that the City in its discretion, may amend, modify or supplement the Redevelopment Plan, which is Exhibit D hereto

18 02 **Complete Agreement, Construction, Modification**. This Agreement, including any exhibits and the other agreements, documents and instruments referred to herein or contemplated hereby, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all previous negotiations, commitments and writings with respect to such subject matter

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

18 04 **Further Assurances**. Developer agrees to take such actions, including the execution and delivery of such documents, instruments, petitions and certifications as may become necessary or appropriate to carry out the terms, provisions and intent of this Agreement, and to accomplish the transactions contemplated in this Agreement.

18 05 **Waivers**. No party hereto shall be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by such party No delay or omission on the part of a party in exercising any right shall operate as a waiver of such right or any other right unless pursuant to the specific terms hereof A waiver by a party of a provision of this Agreement shall not prejudice or constitute a waiver of such party's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by a party, nor any course of dealing between the parties hereto, shall constitute a waiver of any of such parties' rights or of any obligations of any other party hereto as to any future transactions.

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18 06 **Remedies Cumulative.** The remedies of a party hereunder are cumulative and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any other remedies of such party unless specifically so provided herein

18 07 **Parties in Interest/No Third Party Beneficiaries.** The terms and provisions of this Agreement shall be binding upon and inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of the parties hereto. This Agreement shall not run to the benefit of, or be enforceable by, any person or entity other than a party to this Agreement and its successors and permitted assigns This Agreement should not be deemed to confer upon third parties any remedy, claim, right of reimbursement or other right Nothing contained in this Agreement, nor any act of the City or the Developer, 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 or the Developer.

18 08 **Titles and Headings.** The Article, section and paragraph headings contained herein are for convenience of reference only and are not intended to limit, vary, define or expand the content thereof

18 09 **Counterparts.** This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, with the same effect as if all parties had signed the same document All such counterparts shall be deemed an original, shall be construed together and shall constitute one and the same instrument

18 10 **Severability.** If any provision of this Agreement, or the application thereof, to any person, place or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement and such provisions as applied to other persons, places and circumstances shall remain in full force and effect only if, after excluding the portion deemed to be unenforceable, the remaining terms shall provide for the consummation of the transactions contemplated hereby in substantially the same manner as originally set forth herein In such event, the parties shall negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most nearly affects the parties' intent in entering into this Agreement

18 11 **Conflict.** In the event of a conflict between any provisions of this Agreement and the provisions of the TIF Ordinances, such ordinance(s) shall prevail and control

18 12 **Governing Law.** This Agreement shall be governed by and construed in accordance with the internal laws of the State, without regard to its conflicts of law principles

18 13 **Form of Documents.** All documents required by this Agreement to be submitted, delivered or furnished to the City shall be in form and content satisfactory to the City

18 14 **Assignment.** Prior to the issuance by the City to the Developer of a Certificate, the Developer may not sell, assign or otherwise transfer its interest in this Agreement in whole or

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in part without the written consent of the City, provided, however, that the Developer may assign, on a collateral basis, the right to receive City Funds hereunder to a lender providing Lender Financing which has been identified to the City as of the Closing Date. Notwithstanding the issuance of such Certificate, any successor in interest to the Developer under this Agreement shall certify in writing to the City its agreement to abide by all remaining executory terms of this Agreement, including but not limited to Section 8.20 (Real Estate Provisions) and Section 8.21 (Survival of Covenants) hereof, for the Term of the Agreement. The Developer hereby consents to the City's sale, transfer, assignment or other disposal of this Agreement at any time in whole or in part.

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

18.16 **Force Majeure.** Neither the City nor the Developer nor any successor in interest to either of them shall be considered in breach of or in default of its obligations under this Agreement in the event of any delay caused by damage or destruction by fire or other casualty, strike, shortage of material, unusually adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or for an abnormal duration, tornadoes or cyclones, and other events or conditions beyond the reasonable control of the party affected which in fact interferes with the ability of such party to discharge its obligations hereunder. The individual or entity relying on this section with respect to any such delay shall, upon the occurrence of the event causing such delay, immediately give written notice to the other parties to this Agreement. The individual or entity relying on this section with respect to any such delay may rely on this section only to the extent of the actual number of days of delay effected by any such events described above.

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

18.18 **Business Economic Support Act.** Pursuant to the Business Economic Support Act (30 ILCS 760/1 et seq. 1996 State Bar Edition, as amended), if the Developer is required to provide notice under the WARN Act, the Developer shall, in addition to the notice required under the WARN Act, provide at the same time a copy of the WARN Act notice to the Governor of the State, the Speaker and Minority Leader of the House of Representatives of the State, the President and Minority Leader of the Senate of State, and the Mayor of each municipality where the Developer has locations in the State. Failure by the Developer to provide such notice as described above may result in the termination of all or a part of the payment or reimbursement obligations of the City set forth herein.

18.19 **Approval.** Wherever this Agreement provides for the approval or consent of the City, DPD or the Commissioner, or any matter is to be to the City's, DPD's or the Commissioner's satisfaction, unless specifically stated to the contrary, such approval, consent or

satisfaction shall be made, given or determined by the City, DPD or the Commissioner in writing and in the reasonable discretion thereof. The Commissioner or other person designated by the Mayor of the City shall act for the City or DPD in making all approvals, consents and determinations of satisfaction, granting the Certificate or otherwise administering this Agreement for the City.

18.20 **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.

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

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

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

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

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

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

CHATHAM CLUB, L.L.C.
an Illinois Limited Liability Company

By: CHATHAM WOODS CORPORATION,
an Illinois corporation, its sole manager and sole member

By: By Spathus
Its: President

ATTEST:

By: Katherine Klement
Its: Asst Secretary

CITY OF CHICAGO

By: _____

Commissioner,
Department of Planning and
Development

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

CHATHAM CLUB, L.L.C.
an Illinois Limited Liability Company

By: CHATHAM WOODS CORPORATION,
an Illinois corporation, its sole manager and sole member

By: _____


Its: President

ATTEST:

By: _____

Its: _____

CITY OF CHICAGO

By: 
Commissioner,
Department of Planning and
Development

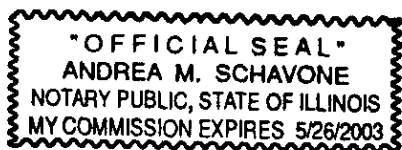
30447219

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, Andrea Schavone, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that B.J. Spethies and Kathleen Lamontia, personally known to me to be the President and Asst Secretary of Chatham Woods Corporation, an Illinois corporation, which is the sole managing director and sole member of Chatham Club, L L C , an Illinois limited liability company (the "L L C "), and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that they signed, sealed, and delivered said instrument, pursuant to the authority given to them by the Members of the L.L C , as their free and voluntary act and as the free and voluntary act of the L.L C , for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 2nd day of April, 2003

Andrea M. Schavone
Notary Public



My Commission Expires 5/26/2003

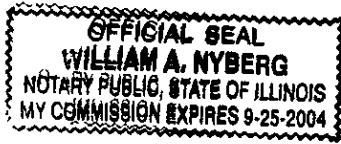
(SEAL)

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STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

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

GIVEN under my hand and official seal this 2nd day of April, 2003.



William A. Nyberg
Notary Public

My Commission Expires 9/25/04

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Defin-
itions

CHATHAM CLUB, L.L.C.

Redevelopment Agreement
dated as of April 2, 2003

SCHEDULE A

DEFINITIONS

For purposes of this Agreement, the following terms have the meanings stated below.

"**Acquisition**" has the definition stated in Recital D.

"**Act**" has the definition stated in Recital A

"**Actual Residents of the City**" has the definition for such phrase stated in Section 10.02

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

"**Agreement**" has the definition stated in the Agreement Introduction

"**Available Incremental Taxes**" means an amount equal to the Incremental Taxes (as defined below) deposited in the 89th & State Redevelopment Project Area TIF Fund (as defined below) attributable to the taxes levied on the Property, less the amount of the City Fee described in Section 4.05(b)

"**Bonds**" has the definition for such term stated in Section 8.05

"**Business Day(s)**" means any day other than Saturday, Sunday or a legal holiday in the State

"**Certificate**" means the Certificate of Completion of Construction described in Section 7.01

"**Change Order**" means any amendment or modification to the Scope Drawings, Plans and Specifications, or the Project Budget (all as defined below) and described in Section 3.02, Section 3.03 and Section 3.04, respectively

"**City**" has the definition stated in the Agreement Introduction.

"**City Contract**" has the meaning stated in Section 8.01(1)

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"City Council" has the definition stated in Recital C.

"City Fee" means the fee described in Section 4 05(b)

"City Funds" means the funds described in Section 4 03(b)

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

"Construction Contract" means that certain contract, substantially in the form attached hereto as Exhibit E, to be entered into between the Developer and the General Contractor (as defined below) providing for construction of the Project

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

"Department" has the definition stated in Section 8 09.

"Developer" has the definition stated in the Agreement Introduction

"DPD" has the definition stated in the Agreement Introduction

"89th & State Redevelopment Project Area TIF Fund" means the special tax allocation fund created by the City in connection with the Redevelopment Area into which the Incremental Taxes (as defined below) will be deposited

"Employer(s)" has the definition stated in Section 10 01

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

"Equity" means funds of the Developer (other than funds derived from Lender Financing (as defined below)) irrevocably available for the Project, in the amount set forth in Section 4 01, which amount may be increased as provided in Section 4 06 (Cost Overruns)

"Event of Default" has the definition stated in Section 15 01

"Existing Mortgages" has the definition stated in Section 16 01.

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"Financial Statements" means the financial statements regularly prepared by the Developer, and including, but not limited to, a balance sheet, income statement and cash-flow statement, in accordance with generally accepted accounting principles and practices consistently applied throughout the appropriate periods, and which are published to the lender(s) providing Lender Financing pursuant to Developer's loan agreement(s)

"Fixed Costs" means the costs for demolition, environmental remediation, acquisition, and public improvements stated in Exhibit C

"General Contractor" means the general contractor(s) hired by the Developer as provided in Section 6 01

"Governmental Charge" has the definition stated in Section 8.20

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

"Home" and "Homes" has the definition stated in Recital D

"Human Rights Ordinance" has the definition stated in Section 10 01

"Incremental Taxes" means such ad valorem taxes which, under the TIF Adoption Ordinance and Section 5/11-74 4-8(b) of the Act, are allocated to, and when collected are paid to, the Treasurer of the City for deposit by the Treasurer into a special tax allocation fund established to pay Redevelopment Project Costs (as defined below) and obligations incurred in the payment thereof, such fund for the purposes of this Agreement being the 89th & State Redevelopment Project Area TIF Fund

"Indemnitee" and "Indemnitees" have the definitions stated in Section 13.01

"Landscape Ordinance" has the definition stated in Section 8 22

"Lender Financing" means funds borrowed by the Developer from lenders and available to pay for costs of the Project, in the amounts stated in Section 4 01

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

"MBE/WBE Program" has the definition stated in Section 10 03

"Minimum Assessed Value" has the definition stated in Section 8 20(c)(1).

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

"New Mortgage" has the definition stated in Section 16 01

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

"PD" has the definition stated in Section 8 22

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

"Permitted Mortgage" has the definition stated in Section 16.01.

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

"Prior Expenditure(s)" has the definition stated in Section 4.05(a)

"Project" has the definition stated in Recital D

"Project Budget" means the budget attached as Exhibit H, showing the total cost of the Project by line item, as furnished by the Developer to DPD, as provided in Section 3 03

"Project Profit" means Developer's aggregate Project revenues less Developer's Project expenses (including interest payments to equity participants) but excluding any payments or accruals for income taxes

"Property" has the definition stated in Recital D

"Redevelopment Area" has the definition stated in Recital C.

"Redevelopment Plan" has the definition stated in Recital E

"Redevelopment Project Costs" means redevelopment project costs as defined in Section 5/11-74 4-3(q) of the Act that are included in the budget stated in the Redevelopment Plan or otherwise referenced in the Redevelopment Plan

"Requisition Form" means the document, in the form which is Exhibit F, to be delivered by the Developer to DPD as provided in Section 4.04 of this Agreement

"Sale Proceeds" means the aggregate net proceeds to the Developer from the sale of Homes, after payment of mortgage release fees

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

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"State" has the definition stated in Recital A

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

"Term of the Agreement" means the period of time commencing on the Closing Date and ending on the date on which the Redevelopment Area is no longer in effect (through and including April 1, 2021)

"TIF Adoption Ordinance" has the definition stated in Recital C.

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

"TIF Ordinances" has the definition stated in Recital C.

"Title Company" means Near North National Title Corporation

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

"Underassessment Complaint" has the definition stated in Section 8 20(c)(iv)

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

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

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CHATHAM CLUB, L.L.C.

Redevelopment Agreement
dated as of April 2, 2003

SCHEDULE B

INSURANCE REQUIREMENTS

Insurance. The Developer shall provide and maintain at the Developer's own expense, or cause to be maintained, during the Term of this Agreement, the insurance coverages and requirements specified below, insuring all operations related to the Agreement.

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

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

(c) **Automobile Liability Insurance (Primary and Umbrella)** When any motor vehicles (owned, non-owned and hired) are used in connection with work to be performed, the Developer shall provide or cause to be provided Automobile Liability Insurance with limits of not less than \$2,000,000 per occurrence for bodily injury and property damage.

(d) **Builders Risk Insurance.** When the Developer undertakes any construction, including improvements, betterments, and/or repairs, the Developer shall provide, or cause to be provided All Risk Blanket Builders Risk Insurance at replacement cost for materials, supplies, equipment, machinery and fixtures that are or will be part of the Project.

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

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

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

(h) Other Requirements.

- (i) The Developer will furnish the City of Chicago, Department of Planning and Development, City Hall, Room 1000, 121 North LaSalle Street 60602, original Certificates of Insurance evidencing the required coverage to be in force on the date of this Agreement, and Renewal Certificates of Insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the Term of this Agreement. The Developer shall submit evidence of insurance on the City Insurance Certificate Form (Exhibit M hereto) or equivalent prior to Agreement award. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all Agreement requirements. The failure of the City to obtain certificates or other insurance evidence from the Developer shall not be deemed to be a waiver by the City. The Developer shall advise all insurers of the Agreement provisions regarding insurance. Non-conforming insurance shall not relieve the Developer of the obligation to provide insurance as specified herein. Nonfulfillment of the insurance conditions may constitute a violation of the Agreement, and the City retains the right to stop work until proper evidence of insurance is provided, or to terminate this Agreement.
- (ii) The insurance shall provide for 60 days prior written notice to be given to the City in the event coverage is substantially changed, canceled, or non-renewed
- (iii) Any and all deductibles or self insured retentions on referenced insurance coverages shall be borne by the Developer
- (iv) The Developer agrees that insurers shall waive rights of subrogation against the City, its employees, elected officials, agents, or representatives.

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- (v) The Developer expressly understands and agrees that any coverages and limits furnished by the Developer shall in no way limit the Developer's liabilities and responsibilities specified within the Agreement documents or by law.
- (vi) The Developer expressly understands and agrees that the Developer's insurance is primary and any insurance or self insurance programs maintained by the City shall not contribute with insurance provided by the Developer under the Agreement
- (vii) The required insurance shall not be limited by any limitations expressed in the indemnification language herein or any limitation placed on the indemnity therein given as a matter of law
- (viii) The Developer shall require all contractors to provide the insurance required herein or Developer may provide the coverages for contractors. All contractors shall be subject to the same requirements of Developer unless otherwise specified herein
- (ix) If the Developer, or contractor desires additional coverages, the Developer or any contractor shall be responsible for the acquisition and cost of such additional protection
- (x) The City Risk Management Department maintains the right to modify, delete, alter or change these requirements

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CHATHAM CLUB, L.L.C.

Redevelopment Agreement
dated as of April 2, 2003

EXHIBIT A

REDEVELOPMENT AREA LEGAL DESCRIPTION

PART OF THE NORTHEAST QUARTER OF SECTION 4 TOGETHER WITH PART OF THE NORTHWEST QUARTER OF SECTION 3, ALL IN TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS. BEGINNING AT THE POINT OF INTERSECTION OF THE SOUTHERLY LINE OF THE CHICAGO, ROCK ISLAND & PACIFIC RAILROAD WITH THE WEST LINE OF SOUTH STATE STREET, SAID WEST LINE BEING A LINE DRAWN 33 FEET WEST OF AND PARALLEL WITH THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 3, THENCE NORTH 0° 02' 43" WEST ALONG SAID WEST LINE OF SOUTH STATE STREET, 1058 51 FEET TO THE POINT OF INTERSECTION WITH THE NORTH LINE OF EAST 89TH STREET, SAID NORTH LINE BEING A LINE DRAWN 33 FEET NORTH OF AND PARALLEL WITH THE NORTH LINE OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 3, THENCE NORTH 89° 58' 00" EAST ALONG SAID NORTH LINE OF EAST 89TH STREET 1405 60 FEET TO THE POINT OF INTERSECTION WITH THE EAST LINE OF SOUTH INDIANA AVENUE, SAID EAST LINE BEING A LINE DRAWN 50 FEET EAST OF AND PARALLEL WITH THE EAST LINE OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 3, THENCE SOUTH 0° EAST ALONG SAID EAST LINE OF SOUTH INDIANA AVENUE, 1352 86 FEET TO THE POINT OF INTERSECTION WITH THE AFOREMENTIONED SOUTHERLY LINE OF THE CHICAGO, ROCK ISLAND & PACIFIC RAILROAD, THENCE WESTERLY ALONG SAID SOUTHERLY LINE OF THE CHICAGO, ROCK ISLAND & PACIFIC RAILROAD 1438.95 FEET, SAID SOUTHERLY LINE BEING THE ARC OF A CIRCLE CONVEX NORTHERLY, HAVING A RADIUS OF 5680 FEET AND WHOSE CHORD BEARS NORTH 78° 11' 50" WEST 1435 10 FEET TO THE POINT OF BEGINNING IN COOK COUNTY, ILLINOIS. CONTAINING 37.892 ACRES MORE OR LESS

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B

CHATHAM CLUB, L.L.C.

Redevelopment Agreement
dated as of April 2, 2003

EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY ACQUIRED

A legal description for the Property , and generally illustrated as the shaded area on the map dated 7/9/97 are attached to this exhibit cover sheet.

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EXHIBIT _____

Legal Description

PARCEL 1:

THAT PART OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 3, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS. BEGINNING AT A POINT OF INTERSECTION OF A LINE 710 FEET EAST OF AND PARALLEL TO THE WEST LINE OF SAID SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 3 WITH A LINE 342 FEET SOUTH OF AND PARALLEL TO THE NORTH LINE OF SAID SOUTHWEST 1/4 OF THE NORTHWEST 1/4 AND RUNNING THENCE EAST ALONG THE LAST ABOVE MENTIONED PARALLEL LINE A DISTANCE OF 612 37 FEET TO THE EAST LINE OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 3, THENCE SOUTH ALONG THE EAST LINE OF SAID SOUTHWEST 1/4 OF THE NORTHWEST 1/4 A DISTANCE OF 697.85 FEET TO THE NORTH LINE OF LANDS CONVEYED TO CHICAGO AND WESTERN INDIANA RAILROAD COMPANY BY A QUIT CLAIM DEED RECORDED MAY 22, 1928 AS DOCUMENT NUMBER 10031426 THENCE NORTH WESTWARDLY ALONG SAID LANDS BEING THE ARC OF A CIRCLE CONVEX NORTHERLY WITH A RADIUS OF 5930 FEET, A DISTANCE OF 440.07 FEET TO ITS INTERSECTION WITH THE CENTER LINE OF AN EASEMENT CREATED IN THE WARRANTY DEED GIVEN BY MARTIN J. HEALY, AND OTHERS, TRUSTEES TO ARTHUR BECKWITH AND WIFE DATED SEPTEMBER 12, 1925 AND RECORDED IN RECORDERS OFFICE OF COOK COUNTY, ILLINOIS AS DOCUMENT NUMBER 9109807; THENCE NORTHWESTWARDLY ON THE CENTER LINE OF SAID EASEMENT, BEING THE ARC OF A CIRCLE CONVEX SOUTHERLY WITH A RADIUS OF 383.06 FEET, A DISTANCE OF 81.05 FEET TO A POINT THENCE NORTHWESTWARDLY ON A STRAIGHT LINE TANGENT TO THE LAST HEREIN DESCRIBED CURVE, A DISTANCE OF 96.86 FEET TO THE WESTERLY LINE OF AN EASEMENT 17 FEET IN WIDTH, SAID EASEMENT BEING RECORDED AUGUST 9, 1930 IN RECORDERS OFFICE OF COOK COUNTY, ILLINOIS AS DOCUMENT NUMBER 10723380 THENCE NORTHWESTWARDLY ALONG THE WESTERLY LINE OF SAID EASEMENT BEING THE ARC OF A CIRCLE CONVEX SOUTHWESTERLY WITH A RADIUS OF 296 44 FEET A DISTANCE OF 68.21 FEET TO A POINT, THENCE NORTHWESTWARDLY ON A STRAIGHT LINE, TANGENT THE TO LAST HEREIN DESCRIBED CURVE, A DISTANCE OF 71.24 FEET TO A POINT; THENCE NORTHWESTWARDLY ALONG THE ARC OF A CIRCLE CONVEX SOUTHWESTERLY WITH A RADIUS OF 296.44 FEET AND TANGENT TO THE LAST HEREIN DESCRIBED LINE, A DISTANCE OF 1.13 FEET TO ITS INTERSECTION WITH A LINE 710 FEET EAST OF AND PARALLEL TO THE WEST LINE OF THE SOUTHWEST QUARTER TO THE NORTHWEST QUARTER OF SAID SECTION 3, THENCE NORTH ALONG SAID PARALLEL LINE A DISTANCE OF 333 07 FEET TO THE PLACE OF BEGINNING (EXCEPTING FROM HEREIN DESCRIBED PROPERTY THAT PART THEREOF TAKEN FOR INDIANA AVENUE), IN COOK COUNTY, ILLINOIS.

PARCEL 2:

THE NORTH 342 FEET (EXCEPT THE NORTH 33 FEET, THE EAST 50 FEET AND THE WEST 710 FEET THEREOF) OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 3, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

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PARCEL 3:

LOTS "A" AND "B" IN BELL OIL COMPANY OWNER'S DIVISION OF PART OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 3, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 4:

LOT 10 IN OWNER'S DIVISION IN STATE MANUFACTURING DISTRICT OF PART OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 3, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 5:

THE NORTH 342.0 FEET OF THE EAST 330 FEET OF THE WEST 710 FEET OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 3, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS (EXCEPT LOT 10 IN OWNER'S DIVISION IN STATE MANUFACTURING DISTRICT OF PART OF SAID SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 3 AFORESAID), IN COOK COUNTY, ILLINOIS.

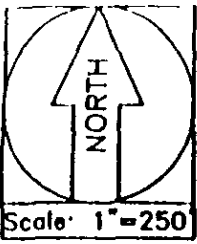
PARCEL 6:

A PART OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 3, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MEIDIAN DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE EAST LINE OF STATE STREET, 50 FEET EAST OF THE WEST LINE OF SAID SOUTHWEST 1/4 WHICH IS 60.90 FEET NORTH OF THE POINT OF INTERSECTION OF SAID EAST LINE OF STATE STREET WITH THE NORTHERLY LINE OF THE RIGHT OF WAY OF THE CHICAGO AND WESTERN INDIANA RAILROAD COMPANY (SAID RIGHT OF WAY HEREIN REFERRED TO BEING THAT ACQUIRED FROM C.C. HEISEN AND IDA HEISEN BY WARRNTY DEED DATED JULY 28, 1903) AND RUNNING THENCE NORTH ON SAID EAST LINE OF STATE STREET A DISTANCE OF 150 FEET TO A POINT 621.1 FEET SOUTH OF THE NORTH LINE OF SAID SOUTHWEST 1/4; THENCE EASTERLY ON A LINE PARALLEL WITH THE AFORESAID NORTH LINE OF SAID SOUTHWEST 1/4 A DISTANCE OF 446.93 FEET; THENCE SOUTHEASTERLY ALONG A CURVED LINE CONVEX TO THE NORTHEAST AND HAVING A RADIUS OF 383.06 FEET A DISTANCE OF 186.09 FEET TO A POINT WHICH IS 626.1 FEET EAST OF SAID EAST LINE OF STATE STREET AND 97.51 FEET (MEASURED AT RIGHT ANGLES) SOUTH OF THE AFORESAID LINE DRAWN PARALLEL WITH AND 621.1 FEET SOUTH OF THE NORTH LINE OF THE SOUTHWEST 1/4; THENCE SOUTHEASTERLY ALONG A STRAIGHT LINE TANGENT TO THE LAST DESCRIBED CURVE, A DISTANCE OF 220 FEET; THENCE SOUTHEASTERLY ALONG A CURVED LINE CONVEX TO THE SOUTHWEST, HAVING A RADIUS OF 383.06 FEET AND TANGENT TO THE LAST DESCRIBED STRAIGHT LINE A DISTANCE OF 81.05 FEET TO ITS INTERSECTION WITH A CURVED LINE OF 5930 FEET RADIUS DRAWN PARALLEL WITH AND 50 FEET NORTHEASTERLY FROM THE NORTHERLY RIGHT OF WAY LINE OF THE CHICAGO AND WESTERN INDIANA RAILROAD COMPANY ABOVE REFERRED TO; THENCE NORTHWESTERLY ON SAID CURVED LINE A DISTANCE OF 508.20 FEET; THENCE NORTHWESTERLY ALONG A STRAIGHT LINE TANGENT TO THE LAST DESCRIBED CURVE A DISTANCE OF 354.33 FEET, MORE OR LESS, TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

05/27/98

This document is a public record of Cook County, Illinois.

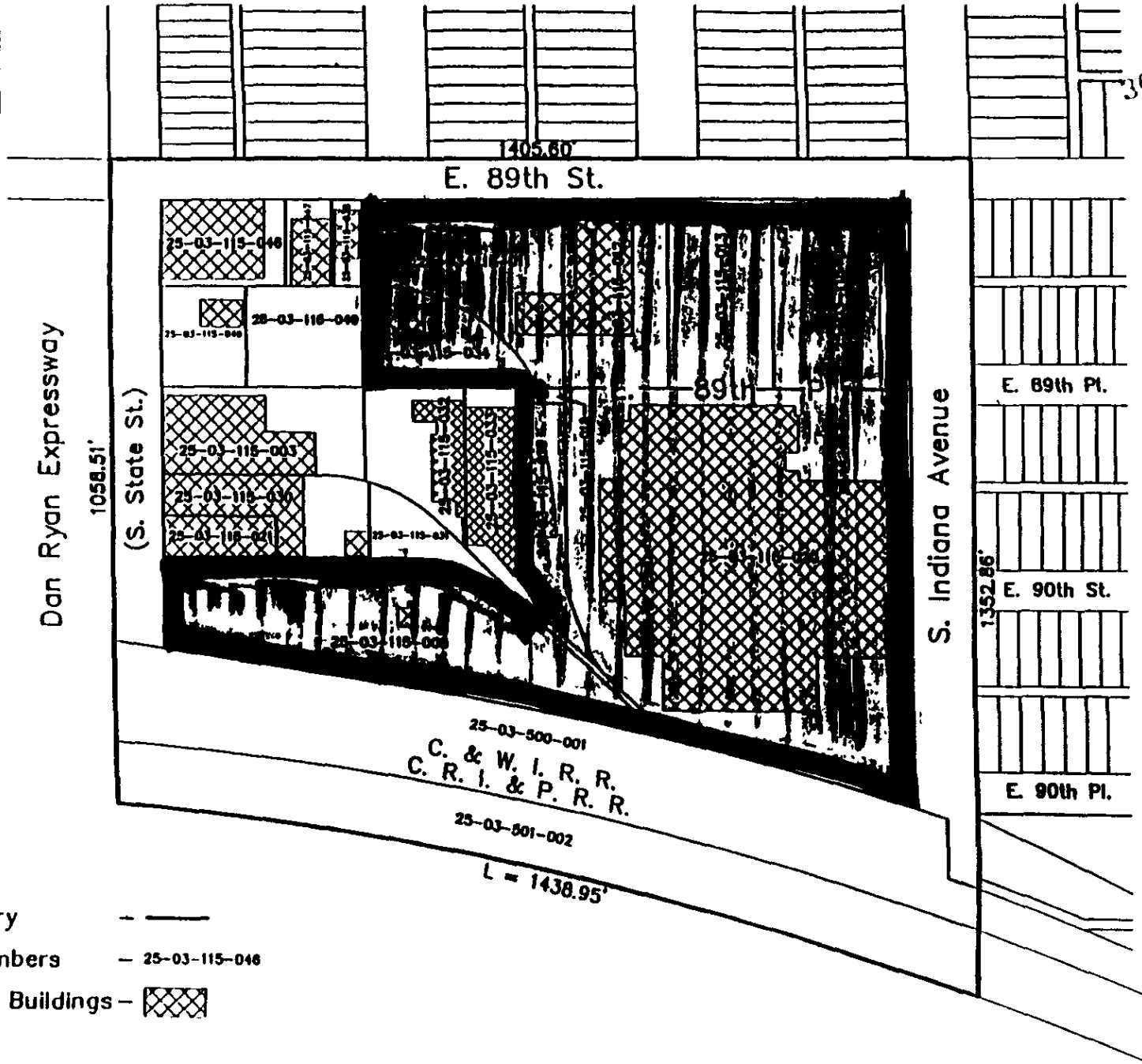
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5311 & STATE

REDEVELOPMENT PLAN
MAP 1
PROJECT BOUNDARY

30447219



Legend

- Boundary ———
- PIN Numbers — 25-03-115-046
- Existing Buildings —

City of Chicago
7-9-97

Louik / Schneider
& Associates, Inc.

Gremley & Biedermann, Inc.
(773) 685-5102
971543

C

CHATHAM CLUB, L.L.C.

Redevelopment Agreement
dated as of April 2, 2003

EXHIBIT C

TIF-FUNDED IMPROVEMENTS

<u>Line Item</u>	<u>Cost</u>
Demolition	\$ 500,000
Environmental Remediation	\$ 900,000
Public Improvements	\$1,700,000
Land Acquisition	<u>\$3,000,000</u>
Total	\$6,100,000(1)

Note

- 1 Although the total amount of categories of possible TIF-Funded Improvements is \$6,100,000, Developer's right to reimbursement from City Funds shall be in an amount not to exceed the lesser of \$3,600,000, or 11.66% of the actual total Project costs as provided in Section 4.03(b) above

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D

TIF

Plan

CHATHAM CLUB, L.L.C.

Redevelopment Agreement
dated as of April 2, 2003

EXHIBIT D

REDEVELOPMENT PLAN

A true and correct copy of the 89th & State Redevelopment Project Area, Tax Increment Finance Program, Redevelopment Plan and Project dated November 26, 1997 and any amendments thereto as of the Closing Date is attached to this exhibit cover sheet.

30417219

City
Ordin-
ance

WHEREAS, It is desirable and in the best interest of the citizens of the City of Chicago, Illinois (the "City") for the City to implement tax increment allocation financing ("Tax Increment Allocation Financing") pursuant to the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74 4-1, et seq. (1993), as amended (the "Act"), for a proposed redevelopment project area to be known as the 89th and State Redevelopment Project Area (the "Area") described in Section 2 of this ordinance, to be redeveloped pursuant to a proposed redevelopment plan and project attached hereto as Exhibit A (the "Plan"), and

WHEREAS, Pursuant to Sections 5/11-74 4-4 and 5/11-74 4-5 of the Act, the

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Community Development Commission (the "Commission") of the City, by authority of the Mayor and the City Council of the City (the "City Council", referred to herein collectively with the Mayor as the "Corporate Authorities") called a public hearing (the "Hearing") concerning approval of the Plan, designation of the Area as a redevelopment project area pursuant to the Act and adoption of Tax Increment Allocation Financing within the Area pursuant to the Act on February 10, 1998, and

WHEREAS, The Plan (including the related eligibility study attached thereto as an exhibit) was made available for public inspection and review pursuant to Section 5/11-74 4-5(a) of the Act beginning December 9, 1997, at a time prior to the adoption by the Commission of Resolution 97-CDC-111 on December 9, 1997 fixing the time and place for the Hearing, at the offices of the City Clerk and the City's Department of Planning and Development; and

WHEREAS, Due notice of the Hearing was given pursuant to Section 5/11-74 4-6 of the Act, said notice being given to all taxing districts having property within the Area and to the Department of Commerce and Community Affairs of the State of Illinois by certified mail on December 12, 1997, by publication in the *Chicago Sun-Times* or *Chicago Tribune* on January 29, 1998 and January 30, 1998, and by certified mail to taxpayers within the Area on January 27, 1998, and

WHEREAS, A meeting of the joint review board established pursuant to Section 5/11-74 4-5(b) of the Act (the "Board") was convened upon the provision of due notice on December 19, 1997 at 10 00 A M , concerning the approval of the Plan, designation of the Area as a redevelopment project area pursuant to the Act and adoption of Tax Increment Allocation Financing within the Area, and

WHEREAS, The Commission has forwarded to the City Council a copy of its Resolution 98-CDC-6 attached hereto as Exhibit B, adopted on February 10, 1998, recommending to the City Council approval of the Plan, among other related matters; and

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

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

30417219

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

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

SECTION 3 Findings The Corporate Authorities hereby make the following findings as required pursuant to Section 5/11-74 4-3(n) of the Act

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

b the Plan.

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

(ii) the Plan either (A) conforms to the strategic economic development or redevelopment plan issued by the Chicago Plan Commission or (B) includes land uses that have been approved by the Chicago Plan Commission, and

c the Plan meets all of the requirements of a redevelopment plan as defined in the Act and, as set forth in the Plan, the estimated date of completion of the projects described therein and retirement of all obligations issued to finance redevelopment project costs is not more than twenty-three (23) years from the date of the adoption of the ordinance approving the designation of the Area as a redevelopment project area, and, as required pursuant to Section 5/11-74 4-7 of the Act, no such obligation shall have a maturity date greater than twenty (20) years

SECTION 4 Approval of the Plan. The City hereby approves the Plan pursuant to Section 5/11-74 4-4 of the Act

SECTION 5 Powers of Eminent Domain In compliance with Section 5/11-74 4-4(c) of the Act and with the Plan, the Corporation Counsel is authorized to negotiate for the acquisition by the City of parcels contained within the Area In the event the Corporation Counsel is unable to acquire any of said parcels through negotiation, the Corporation Counsel is authorized to institute eminent

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domain proceedings to acquire such parcels Nothing herein shall be in derogation of any proper authority

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

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

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

[Exhibit "E" referred to in this ordinance printed on page 64532 of this Journal]

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

Exhibit "A"
(To Ordinance)

City Of Chicago

89th And State Redevelopment Project Area

Tax Increment Finance Program

Redevelopment Plan And Project

I

Introduction

The 89th and State Redevelopment Project Area (hereinafter referred to as the "Redevelopment Project Area") is located on the south side of the City of Chicago, Illinois approximately eleven (11) miles from the City's central business district.

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The Redevelopment Project Area contains approximately thirty-seven and nine-tenths (37 9) acres and is the approximate size of three (3) city blocks. It is generally bounded by 89th Street on the north, Indiana Avenue on the east, the Chicago Rock Island & Pacific Railroad right-of-way on the south, and State Street (and the Dan Ryan Expressway, Interstate 90/94) on the west. The boundaries of the Redevelopment Project Area are shown on Map 1, Boundary Map.

The Redevelopment Project Area is located within a broader area that is predominantly residential with some commercial uses on major thoroughfares. Within the Redevelopment Project Area itself, the existing land-use is industrial with some administrative/office uses related to or within the adjacent industrial facilities. The underlying zoning throughout is restricted and general manufacturing. The major industrial occupant within the Redevelopment Project Area is Select-Carfield Enterprises (beverage distributors) which has been gradually phasing down its activities at this location and has plans to relocate all remaining employees and vacate its premises. The company's current operation is comprised of six (6) buildings (many of which are underutilized and/or vacant) and well over one-half (½) of the Redevelopment Project Area acreage. Over the last two (2) years, the company, its real estate advisor and appropriate economic development organizations have made numerous attempts to market this property for industrial reuse by touring the premises with potential buyers/occupants. For the three (3) reasons noted below, this property was not marketable and did not sell/lease to an industrial user.

First, unlike many larger industrial areas in the City that are buffered from residential uses by intervening commercial/retail uses, the Redevelopment Project Area is unique in that it is small and is surrounded by full blocks of residential properties in good physical condition. Commercial/retail buffering around industrial uses typically reduces the perceived negative impacts (such as operations and traffic noise, emissions and potential unattractive aesthetics) of industrial uses on nearby residents.

Second, access into the area for the current industrial users is restricted to a private drive (89th Place) that enters the property on the western boundary from State Street, which is one way north under an outmoded viaduct under the railroad right-of-way. Any industrial truck traffic which exits the expressway north of the property must circle through a residential neighborhood to enter the Redevelopment Project Area, traffic exiting to the south of the Redevelopment Project Area must enter the property through the outmoded viaduct which may not be able to accommodate many of today's larger intermodal vehicles. Thirdly, the consequences of the industrial activities that have taken place within the Redevelopment Project Area have added the additional expense of environmental remediation to any potential redevelopment proposal.

At the same time, the current market forces affecting development within the surrounding area tend to be residential with "spot" commercial/retail uses on the intersections of major thoroughfares. This type of development, on its own would not be cost-effective due to the need to alleviate the existing blighting conditions within the Redevelopment Project Area described above, specifically environmental remediation. Without the use of tax increment financing to alleviate these conditions the trend toward blight within the Redevelopment Project Area will continue.

The Redevelopment Project Area is well-suited to residential development given the surrounding land-use patterns (predominantly residential with some limited commercial/retail) and its close proximity to an excellent local and regional transportation network which make the area accessible by residents to many locations. The Redevelopment Project Area is situated directly east of the Dan Ryan Expressway (Interstate 90/94) which links it to the overall interstate highway network in Chicago including the Kennedy Expressway (Interstate 90/94), the Stevenson Expressway (Interstate 55), the Eisenhower Expressway (Interstate 290) and the Edens Expressway (Interstate 94).

The major local surface transportation access routes serving the Redevelopment Project Area include 89th Street and 87th Street (east/west) and State Street and the Dan Ryan Expressway (north/south). Additionally, the Redevelopment Project Area is well-served by public transportation, such as the C T A. Red Line and the State Street bus line, making the site easily accessible.

Much of the Redevelopment Project Area is characterized by

- deteriorated buildings and site improvements,
- vacant and underutilized property,
- obsolescence,
- inadequate infrastructure,
- conflicting land-use, and
- other blighting characteristics

Recognizing the Redevelopment Project Area's location in a predominantly residential area and the barriers to its reuse as an industrial area, the City of Chicago is taking action to facilitate its revitalization. The City recognizes that the trend of physical deterioration, obsolescence, depreciation and other blighting influences will continue.

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to weaken the Redevelopment Project Area unless the City itself becomes a partner with the private sector in the revitalization process

The purpose of the 89th and State Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project (hereinafter the "Plan") is to create a mechanism to encourage the development of new residential development on vacant and underutilized land and properties and the improvement of the physical environment and infrastructure. The redevelopment of the Redevelopment Project Area is expected to encourage economic revitalization within the community and surrounding area.

This Redevelopment Plan summarizes the analyses and findings of the consultants' work, which is the responsibility of Louik/Schneider and Associates, Inc. The City of Chicago is entitled to rely on the findings and conclusions of the Redevelopment Plan (including the related eligibility study) in designating the Redevelopment Project Area as a redevelopment project area under the Act (defined below). Louik/Schneider and Associates, Inc. has prepared this Redevelopment Plan and the related eligibility study with the understanding that the City would rely 1) on the findings and conclusions of the Redevelopment Plan and the related eligibility study in proceeding with the designation of the Redevelopment Project Area and the adoption and implementation of the Redevelopment Plan, and 2) on the fact that Louik/Schneider and Associates, Inc. has obtained the necessary information so that the Redevelopment Plan and the related eligibility study will comply with the Act.

A Overview Of Area History And Land-Use Patterns

The Redevelopment Project Area is located in the community area of Chatham on the south side of the City of Chicago. An attractive residential community today, Chatham was originally a low-lying swamp south of the City that was settled by stonemasons and railroad workers. In 1920, Chatham had a population of almost ten thousand (10,000), mostly foreign-born, residents, the housing boom and manufacturing growth of that decade increased Chatham's population to more than thirty-six thousand (36,000) in 1930 and to more than forty thousand (40,000) in 1950.

Today, Chatham is an attractive, stable residential community with some areas of unattractive commercial/retail development. Median property values are among the top five (5) on the south side. The percentage of single-family units that are owner-occupied is significant. Chatham is home to Seaway National Bank, one of the largest African-American-owned banks, as well as Johnson Products and Ultra Sheen, two of the largest African-American business enterprises. Pride in the community is high, and many residents see it as the model of a viable, stable African-American community.

B Existing Land-Use And Zoning Characteristics

At the present time, the existing land-uses within the Redevelopment Project Area are reflective of the underlying zoning and are industrial (one hundred percent (100%)) in nature with some administrative/officeuses related to or within the adjacent industrial facilities. The property within the Redevelopment Project Area is zoned (one hundred percent (100%)) for light to medium industrial uses (M1-1 along the north and east perimeters of the Redevelopment Project Area and M2-2 on the balance of the acreage). The Redevelopment Project Area, however, is surrounded by residential uses on the north, east and south beyond the public and railroad rights-of-way. The western boundary, State Street, is adjacent to the Dan Ryan Expressway which has commercial/retail uses to its west. (See Map 2, Existing Land Uses).

C Tax Increment Allocation Redevelopment Act

An analysis of conditions within this area indicates that it is appropriate for designation as a Redevelopment Project Area under the State of Illinois tax increment financing legislation. The Redevelopment Project Area is characterized by conditions which warrant its designation as an improved "Conservation Area" within the definitions set forth in the Tax Increment Allocation Redevelopment Act (hereafter referred to as the "Act"). The Act is found in 65 ILCS 5/11-74 4-1, et seq., as amended.

The Act provides a means for municipalities, after the approval of a "Redevelopment Plan and Project", to redevelop blighted and conservation areas by pledging the increase in tax revenues generated by public and private redevelopment. This increase in tax revenues is used to pay for up-front costs that are required to stimulate private investment in new redevelopment and rehabilitation, or to reimburse private developers for eligible costs incurred in connection with any redevelopment. Municipalities may issue obligations to be repaid from the stream of real property tax increments that are generated within the tax increment financing district.

The property tax increment revenue is calculated by determining the difference between the initial equalized assessed value (E A V) or the Certified E A V Base for all real estate located within the district and the current year E A V. The E A V is the assessed value of the property multiplied by the state multiplier. Any increase in E A V is then multiplied by the current tax rate, which determines the incremental real property tax.

The Plan has been formulated in accordance with the provisions of the Act. It is a guide to all proposed public and private action in the Redevelopment Project Area. In addition to describing the objectives of redevelopment, the Plan sets forth the overall program to be undertaken to accomplish these objectives. This program is the Redevelopment Plan and Project.

This Redevelopment Plan also specifically describes the Redevelopment Project Area. This area meets the eligibility requirements of the Act (see 89th and State -- Tax Increment Finance Program -- Eligibility Study attached as (Sub)Exhibit 4). The Redevelopment Project Area boundaries are described in the introduction of this Plan and shown in Map 1, Boundary Map.

After approval of the Plan, the City Council may then formally designate the Redevelopment Project Area.

The purpose of this Plan is to ensure that new development occurs

- 1 on a coordinated rather than a piecemeal basis to ensure that the land-use, vehicular access, parking, service and urban design systems will meet modern-day principles and standards,
- 2 on a reasonable, comprehensive and integrated basis to ensure that blighted area and conservation area factors are eliminated, and
- 3 within a reasonable and defined time period.

Revitalization of the Redevelopment Project Area is a large and complex undertaking and presents challenges and opportunities commensurate to its scale. The success of this effort will depend to a large extent on the cooperation between the private sector and agencies of local government.

Regardless of when the Redevelopment Plan and Project is adopted, it will include land uses that have already been approved by the Chicago Plan Commission.

There has been no major investment in the Redevelopment Project Area for at least the last five (5) years. The adoption of the Plan will make possible the implementation of a logical program to stimulate redevelopment in the Redevelopment Project Area, an area which cannot reasonably be anticipated to be developed without the adoption of this Plan. Public investments will create the appropriate environment to attract the investment required for redevelopment of the area.

Successful implementation of the Redevelopment Plan and Project requires that the City of Chicago take advantage of the real estate tax increment attributed to the Redevelopment Project Area as provided in accordance with the Act.

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II

Redevelopment Project Area And Legal Description

The Redevelopment Project Area is located on the south side of the City of Chicago, Illinois approximately eleven (11) miles from the City's central business district. The Redevelopment Project Area contains approximately thirty-seven and nine-tenths (37.9) acres and is the approximate size of three (3) city blocks. It is generally bounded by 89th Street on the north, Indiana Avenue on the east, the Chicago Rock Island & Pacific Railroad right-of-way on the south, and State Street (and the Dan Ryan Expressway Interstate 90/94) on the west. The boundaries of the Redevelopment Project Area are shown on Map 1, Boundary Map and the existing land uses are identified on Map 2. The Redevelopment Project Area includes only those contiguous parcels of real property that are expected to be substantially benefitted by the Redevelopment Plan.

The legal description of the Redevelopment Project Area is attached to this Plan as (Sub)Exhibit 1 -- Legal Description.

III

Redevelopment Project Area Goals And Objectives

Comprehensive goals and objectives are included in this Plan to guide the decisions and activities that will be undertaken to facilitate the redevelopment of the Redevelopment Project Area. These goals and objectives generally reflect existing City policies. Many of them can be achieved through the effective use of local, state and/or federal mechanisms.

General Goals

The following goals are meant to guide the development and/or the review of all future projects that will be undertaken in the Redevelopment Project Area.

- Strengthen the economic well-being of the Redevelopment Project Area and the City by increasing home ownership, real estate values and the local tax base.
- Create a healthy residential community that compliments the surrounding residential uses.

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Redevelopment Objectives

To achieve the general goals of this Plan, the following redevelopment objectives have been established

- Reduce or eliminate those conditions which qualify the Redevelopment Project Area as a Conservation Area
- Encourage private investment in new residential development on vacant and underutilized land and properties.
- Achieve desirable and harmonious changes of land-use through a coordinated public/private effort
- Minimize tensions between residential and other land uses within and adjacent to the Redevelopment Project Area
- Provide needed incentives to encourage a broad range of improvements for both new development and the rehabilitation of existing buildings, if appropriate
- Provide public and private infrastructure improvements (including viaduct improvements) and other relevant and available assistance necessary to promote residential activities in the Redevelopment Project Area
- Eliminate portions of unnecessary streets to increase the amount of land available for private investment and redevelopment.
- Assist in the elimination of existing environmental contamination through the remediation of affected sites in order to promote new residential development
- Use City programs to enhance the marketability of the Redevelopment Project Area
- Encourage the participation of minorities and women in the redevelopment of the Redevelopment Project Area
- Support transportation enhancements along the railroad right-of-way and other appropriate locations

Design Objectives

Although overall goals and redevelopment objectives are important in the redevelopment process, the inclusion of design guidelines is necessary to ensure that redevelopment activities result in an attractive and functional environment. The following design objectives give a generalized and directed approach to specific redevelopment projects:

- Encourage coordinated development of parcels and structures in order to achieve attractive building design, unified off-street parking, residential buffering and appropriate access to nearby arterial streets.
- Achieve development which is integrated both functionally and aesthetically with adjacent and nearby existing development and which provides a secure, pleasant pedestrian environment.
- Ensure a safe and functional automotive, pedestrian and bicycle circulation pattern, adequate ingress and egress and traffic capacity in the Redevelopment Project Area.
- Encourage high standards of building and streetscape design to ensure the high quality appearance of buildings, rights-of-way and open spaces.
- Ensure that necessary screening and buffering devices are attractively designed and are compatible with the overall design of the Redevelopment Project Area.

IV

Conservation Area Conditions Existing In The Redevelopment Project Area.

The Act states that a "Conservation Area" means any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where fifty percent (50%) or more of the structures are thirty-five (35) years of age or older and the area exhibits the presence of three (3) or more of the following factors: dilapidation, obsolescence, deterioration, illegal use of individual structures, presence of structures below minimum code standards; abandonment, excessive vacancies, overcrowding of structures and community facilities, lack of ventilation, light or sanitary facilities; inadequate utilities, excessive land coverage; deleterious land-use or layout, depreciation of physical maintenance, or lack of community planning. A Conservation Area is not yet blighted, but because of its age and the combination of

three (3) or more of the above-stated factors, is detrimental to the public safety, health, morals or welfare and may become a blighted area. All factors must indicate that the area on the whole has not been subject to growth and development through investments by private enterprise, and will not be developed without action by the City.

Based upon surveys, site inspections, research and analysis by Louik/Schneider & Associates, Inc., the Redevelopment Project Area qualifies as a Conservation Area as defined by the Act. A separate report, entitled "89th and State Tax Increment Finance Program Eligibility Study" dated November 10, 1997 (the "Eligibility Report"), is attached as (Sub)Exhibit 4 to this Plan and describes in detail the surveys and analysis undertaken and the basis for the finding that the Redevelopment Project Area qualifies as a Conservation Area.

The Redevelopment Project Area is characterized by the presence of eight (8) eligibility factors as listed in the Act for a Conservation Area. Summarized below are the findings of the Eligibility Report.

Summary Of Eligibility Factors

The Redevelopment Project Area (also referred to in this Plan as the "Study Area") consists of twenty-three (23) parcels in the approximate size of three (3) city blocks. Of the twenty-three (23) parcels, fifteen (15) (sixty-five and two-tenths percent (65.2%)) contain buildings, four (4) (seventeen and four-tenths percent (17.4%)) contain improved lots with no buildings (parking and outside storage), one (1) (four and three-tenths percent (4.3%)) is a vacant grassy lot and three (3) (thirteen percent (13%)) are railroad rights-of-way. There are seventeen (17) buildings in the Redevelopment Project Area, all of which are industrial with related administrative/office uses or are strictly industrial in nature.

In addition to the age requirement, eight (8) of the fourteen (14) conservation area eligibility criteria are present in varying degrees throughout the Redevelopment Project Area. Four (4) factors are present to a major extent and four (4) are present to a minor extent. Factors present to a major extent are those that are present throughout the Redevelopment Project Area and at a level to influence adjacent and/or nearby parcels of property, factors present to a minor extent are those which are present but their distribution or impact is limited.

The eight (8) conservation eligibility factors that have been identified in the Redevelopment Project Area are as follows:

Major extent

-- Obsolescence

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- Deterioration
- Deleterious land-use or layout
- Depreciation of physical maintenance

Minor extent

- Dilapidation
- Structures below minimum code standards
- Excessive vacancies
- Excessive land coverage

The conclusions for each of the factors that are present within the Redevelopment Project Area are summarized below

Age

Age is a factor for a Conservation Area and presumes the existence of problems or limiting conditions resulting from normal and continuous use of structures over a period of years. In the Redevelopment Project Area, eleven (11) of seventeen (17) buildings (sixty-four and seven-tenths percent (64.7%)) are at least thirty-five (35) years or older.

1 Dilapidation

Dilapidation refers to an advanced state of disrepair of buildings and improvements. In the Redevelopment Project Area, dilapidation is present to a minor extent and was found in one (1) of the seventeen (17) (five and nine-tenths percent (5.9%)) buildings, which is severely damaged and neglected, structurally substandard and may require removal, and in one (1) of the twenty-three (23) (four and three-tenths percent (4.3%)) parcels.

2 Obsolescence

Obsolescence, both functional and economic, includes vacant and dilapidated

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structures industrial buildings that are difficult to market for reuse by today's modern industrial standards, and obsolete platting of parcels (parcels of irregular shape, narrow or small size) Obsolescence is present to a major extent in thirteen (13) of the seventeen (17) (seventy-six and five-tenths percent (76.5%)) buildings and fourteen (14) of the twenty-three (23) (sixty and nine-tenths percent (60.9%)) parcels in the Redevelopment Project Area

3 Deterioration

Deterioration is present in structures with physical deficiencies or site improvements requiring major treatment or repair. Deterioration is present to a major extent in sixteen (16) of the seventeen (17) (ninety-four and one-tenth percent (94.1%)) buildings and twenty (20) of the twenty-three (23) (eighty-seven and zero tenths percent (87.0%)) parcels in the Redevelopment Project Area

4 Structures Below Minimum Code Standards.

Structures below minimum code standards are present to a minor extent From January of 1992 through July of 1997, one (1) of the seventeen (17) (five and nine-tenths percent (5.9%)) buildings and in one (1) of the twenty-three (23) parcels (four and three-tenths percent (4.3%)) has been cited for building code violations by the City of Chicago's Department of Buildings

5 Excessive Vacancies

Excessive vacancy refers to buildings or sites, a large portion of which are unoccupied or underutilized and which exert an adverse influence on the area because of the frequency, duration or extent of vacancy Excessive vacancies are present to a minor extent in the Redevelopment Project Area, this factor was found in six (6) of the seventeen (17) (thirty-five and three-tenths percent (35.3%)) buildings and was present to a major extent in seven (7) of the twenty-three (23) (thirty and four-tenths percent (30.4%)) parcels and to a minor extent in three (3) of the twenty-three (23) (thirteen percent (13%)) parcels.

6 Excessive Land Coverage

Excessive land coverage refers to the over-intensive use of property and the crowding of buildings and accessory facilities onto a site Excessive land coverage is present to a minor extent in one (1) of the fifteen (15) (six and seven-tenths percent (6.7%)) parcels with buildings and on one (1) of the twenty-three (23) (four and three-tenths percent

(4 3%) parcels in the Redevelopment Project Area

7 Deleterious Land-Use Or Layout

Deleterious land uses include all instances of incompatible land-use relationships, obsolete platting, buildings occupied by inappropriate mixed uses or uses which may be considered noxious, offensive or environmentally unsuitable (such as buildings that are dilapidated) Deleterious land-use and layout is present to a major extent in twelve (12) of the seventeen (17) (seventy and six-tenths percent (70 6%)) buildings and thirteen (13) of the twenty-three (23) (fifty-six and five-tenths percent (56.5%)) parcels in the Redevelopment Project Area

8 Depreciation Of Physical Maintenance

Depreciation of physical maintenance refers to the effects of deferred maintenance and the lack of maintenance of buildings, parking areas and public improvements, including alleys, walks, streets and utility structures Depreciation of physical maintenance is present to a major extent in seventeen (17) of the seventeen (17) (one hundred percent (100%)) buildings and twenty-one (21) of the twenty-three (23) (ninety-one and three-tenths percent (91 3%)) parcels in the Redevelopment Project Area

Conclusion

The conclusion of Louik/Schneider & Associates, Inc is that the number, degree and distribution of factors as documented in this report warrant the designation of the Redevelopment Project Area as a Conservation Area as set forth in the Act Specifically

- The buildings in the Redevelopment Project Area meet the statutory criteria that requires fifty percent (50%) or more of the structures to be thirty-five (35) years of age or older, sixty-four and seven-tenths percent (64 7%) of the buildings in the Redevelopment Project Area are at least thirty-five (35) years old
- Of the fourteen (14) eligibility factors for a Conservation Area set forth in the Act, four (4) are present to a major extent and four (4) are present to a minor extent in the Redevelopment Project Area and only three (3) are necessary for designation as a Conservation Area
- The Conservation Area eligibility factors which are present are reasonably distributed throughout the Redevelopment Project Area

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- All areas within the Redevelopment Project Area show the presence of Conservation Area eligibility factors
- The Redevelopment Project Area is not yet blighted, but because of the factors described in this report, the Redevelopment Project Area may become a blighted area

The eligibility findings indicate that the Redevelopment Project Area contains factors which qualify it as a Conservation Area in need of revitalization and that designation as a redevelopment project area will contribute to the long-term well being of the City. The distribution of Conservation Area eligibility factors throughout the Redevelopment Project Area must be reasonable so that a basically good area is not arbitrarily found to be a Conservation Area simply because of proximity to an area with Conservation Area eligibility factors

Additional research indicates that the Redevelopment Project Area on the whole has not been subject to growth and development as a result of investments by private enterprise, and will not be developed without action by the City. Specifically:

- A summary of the building permit requests for new construction and renovation from the City of Chicago is found in (Sub)Exhibit 2 -- Building Permit Requests. The four (4) building permit requests for new construction and renovation for the Redevelopment Project Area from 1991--1997 (through July 1997) totaled Eighty-five Thousand Dollars (\$85,000). On an annualized basis, this represents only a Thirteen Thousand Dollar (\$13,000) per year average investment, or approximately three-tenths percent (3%) of the 1996 assessed value in the Redevelopment Project Area.
- The Redevelopment Project Area is comprised of industrial with some related administrative uses. The equalized assessed value (E A V) for commercial and industrial property in the City of Chicago increased from Fourteen Billion Four Hundred Sixty-five Million Six Hundred Thirty-nine Thousand Dollars (\$14,465,639,000) in 1991 to Fifteen Billion Seven Hundred Ninety Million Five Hundred Sixty Thousand Dollars (\$15,790,560,000) in 1996, a total of nine and two-tenths percent (9 2%) or one and eight-tenths percent (1 8%) per year. Over the same period, from 1991 to 1996, the Redevelopment Project Area experienced an overall E A V increase of seventeen and five-tenths percent (17 5%), from Three Million Two Hundred Fifty-six Thousand Six Hundred Thirty Dollars (\$3,256,630) in 1991 to Three Million Eight Hundred Twenty-seven Thousand Three hundred Twenty-eight Dollars (\$3,827,328) in 1996, an average of three and four-tenths percent (3 4%) per year. However, sixteen (16) of the twenty-three (23) (seventy percent (70%)) parcels experienced changes in E A V the same as or below the citywide average,

ranging from two and six-tenths percent (2.6%) to one and eight-tenths percent (1.8%) per year for that same period. One (1) parcel on the Select-Canfield site, number 25-03-115-020, which has the largest E A V (One Million Four Hundred Twenty-four Thousand Twelve Dollars (\$1,424,012) in 1996) and was the most active economically, actually increased by six and eight-tenths percent (6.8%) per year. This parcel, however, has seen a significant decrease in economic activity over the last year to eighteen (18) months which is not reflected in the 1996 E A V, it is expected that the E A V of the Redevelopment Project Area will continue to decrease given the plans to vacate the site. Excluding this particular parcel from the five (5) year comparison yields an overall per year increase of one and eight-tenths percent (1.8%) for the Redevelopment Project Area, the same as the citywide average. In addition, from 1995 to 1996, the Redevelopment Project Area experienced an overall E A V decrease of two and twenty-five hundredths percent (2.25%) from Three Million Nine Hundred Fifteen Thousand Two Hundred Fifty-eight Dollars (\$3,915,258) in 1995 to Three Million Eight Hundred Twenty-seven Thousand Three Hundred Twenty-eight Dollars (\$3,827,328) in 1996. In contrast, the overall increase for commercial and industrial property in the City for that same period was eight percent (8%), from Fifteen Billion Six Hundred Sixty-six Million Three Hundred Seventy-three Thousand Dollars (\$15,666,373,000) in 1995 to Fifteen Billion Seven Hundred Ninety Million Five Hundred Sixty Thousand Dollars (\$15,790,560,000) in 1996.

The analysis above was based upon data assembled by Louik/Schneider & Associates, Inc.

The surveys, research and analysis conducted include

- 1 exterior surveys of the conditions and use of the buildings in the Redevelopment Project Area,
- 2 field surveys of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls and general property maintenance,
- 3 comparison of current land uses to the current zoning ordinance and the current zoning maps,
- 4 historical analysis of site uses and users,
- 5 analysis of original and current platting and building size layout,

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- 6 review of previously prepared plans, studies and data
- 7 analysis of building permits and building code violations requested from the Department of Buildings for all structures in the Redevelopment Project Area from 1991 to 1997, and
- 8 evaluation of the E A V s in the Redevelopment Project Area from 1991 to 1996

Based upon the findings of the Eligibility Study for the 89th and State Redevelopment Project Area, the Redevelopment Project Area on the whole has 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 this Redevelopment Plan

V

89th And State Redevelopment Plan And Project

A General Land-Use Plan

The Proposed Land-Use Plan, Map 3, identifies the uses that will be in effect upon adoption of this Plan. The location of all major thoroughfares and major street rights-of-way are subject to change and modification as specific redevelopment projects are undertaken.

This Redevelopment Plan, and the proposed land-use described herein will be approved by the Chicago Plan Commission prior to its adoption by the City Council. The proposed land-use within the Redevelopment Project Area is residential. Redevelopment of this property to a residential use is compatible with the surrounding land-use patterns and history of the neighborhood.

B Redevelopment Plan And Project

The purpose of this Redevelopment Plan and Project is to create a planning and programming mechanism that also provides the financial vehicle to allow for the redevelopment of properties within the Redevelopment Project Area. The Plan contains specific redevelopment objectives addressing public improvements which are to assist in the overall redevelopment of the Redevelopment Project Area. Implementation of the Redevelopment Plan and Project will be undertaken on a phased basis and will help to eliminate those existing conditions which make the Redevelopment Project Area

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susceptible to blight

The Plan proposes the redevelopment of the 89th and State Area to stimulate or stabilize not only the Redevelopment Project Area, but also the properties within the surrounding area. The Plan will assist in creating the needed synergy for redevelopment of the entire area and in reversing the effects of the Redevelopment Project Area's decline. The proposed residential land-use in the Redevelopment Project Area recognizes the surrounding residential land-use patterns in the Redevelopment Project Area recognizes the surrounding residential land-use and the inability of the market to absorb and reutilize the existing industrial facilities. One (1) proposed residential development includes the construction of one hundred forty-three (143) market rate and affordable single-family homes on the Select-Canfield Enterprises site. Parcels within the Redevelopment Project Area not owned by Select-Canfield Enterprises are not part of nor affected by this proposed project.

The City requires that developers who receive T I F assistance for market rate housing set aside twenty percent (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 one hundred twenty percent (120%) of the area median income, and affordable rental units should be affordable to persons earning no more than eighty percent (80%) of the area median income.

The Plan, however, proposes flexibility in the design of the residential area and recognizes that various densities of residential units may be appropriate for this site. Additionally, without regard to the ultimate design and/or density of new residential units, this Plan proposes construction of appropriate ingress/egress into and from the residential area (including improvement to the viaduct under the railroad right-of-way), necessary public improvements such as utilities and sidewalks, an internal street system to allow for adequate circulation, appropriate off-street parking capabilities (garage or parking pads) with the residential units, and buffering from the remaining industrial and related administrative uses in the balance of the Area. The underlying Plan strategy is to develop a public improvement program that reinforces and encourages further private investment. This public improvement program can basically be categorized as improving the Redevelopment Project Area's physical environment through infrastructure and traffic management improvements. While the Area is ideally situated from a transportation standpoint, given its proximity to the Dan Ryan Expressway and its accessibility via public transportation, there are some impediments which impact traffic flow. These impediments include one-way access to the Redevelopment Project Area from certain streets (going north along State Street) and limited access into the Redevelopment Project Area only from a private street. To address these problems, the following redevelopment strategies are recommended

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- undertake necessary changes to improve traffic flow such as changing the directional flow of traffic on streets with traffic problems (State Street), installing turn lanes at difficult intersections, or other such improvements.
- relocate, upgrade and/or resurface streets within the Redevelopment Project Area to accommodate residential traffic as well as existing industrial traffic,
- provide adequate off-street parking for residents, visitors, employees and customers;
- demolition, environmental remediation and preparation of the site for residential development from its current industrial use,
- buffering adjacent nonresidential areas from any negative impacts through the use of aesthetic screening, and
- improving the attractiveness of the open areas within the Redevelopment Project Area through landscaping and other means and maintain, on a regular basis, these aesthetic improvements

The Redevelopment Plan for the 89th and State Redevelopment Project Area incorporates the use of tax increment funds to stimulate or stabilize not only the Redevelopment Project Area but also the properties within the surrounding area through the planning and programming of public and private improvements. The City may enter into redevelopment agreements with developers which will generally provide for the City to provide funding for activities permitted by the Act. The funds for these improvements will come directly from the incremental increase in tax revenues generated from the Redevelopment Project Area or the City's issuance of bonds to be repaid from the incremental increase in tax revenues to be generated from the Redevelopment Project Area. A developer or user will undertake the responsibility for the required site improvements, a portion of which may be paid for from the issuance of bonds, and will further be required to build any agreed to ancillary improvements required for the project. Under a redevelopment agreement, the developer may also be reimbursed (to the extent permitted the Act) for all or a portion of the costs of required site improvements or ancillary improvements from incremental tax revenues.

C Estimated Redevelopment Project Activities And Costs

The City proposes to realize its goals and objectives of redevelopment through public finance techniques, including but not limited to tax increment financing, and by undertaking certain activities and incurring certain costs. Such activities may include some or all of the following

- 1 Analysis, Administration, Studies, Legal, Et Al.. Funds may be used by the City or provided for activities including the long-term management of the Redevelopment Plan and Project as well as the costs of establishing the program and designing its components. Funds may be used by the City or provided for costs of studies, surveys, development of plans, and specifications, implementation and administration of the redevelopment plan, including but not limited to staff and professional service costs for architectural, engineering, legal, marketing, financial, planning, environmental or other services, provided, however, that no charges for professional services may be based on a percentage of the tax increment collected

- 2 Assemblage of Sites To achieve the renewal of the Redevelopment Project Area, the City of Chicago is authorized to acquire property, clear the property of any and all improvements, if any, engage in other site preparation activities and either (a) sell, lease or convey such property for private redevelopment or (b) sell, lease or dedicate such property for construction of public improvements or facilities. Land assemblage by the City may be by purchase, exchange, donation, lease or eminent domain. The City may pay for a private developer's cost of acquisition land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land. Acquisition of land for public rights-of-way may also be necessary for the portions of said rights-of-way that the City does not own

As a necessary part of the redevelopment process, the City may hold and secure property which it has acquired and place it in temporary use until such property is scheduled for disposition and redevelopment. Such uses may include, but are not limited to, project office facilities, parking or other uses the City may deem appropriate

- 3 Rehabilitation Costs. The costs for rehabilitation, reconstruction or repair or remodeling of existing public or private buildings or fixtures including, but not limited to, provision of facade improvements for the purpose of improving the facades of privately held properties may be funded.

- 4 Provision of Public Improvements and Facilities Adequate public improvements and facilities may be provided to service the entire Redevelopment Project Area Public improvements and facilities may include, but are not limited to
 - a Provision for streets, public rights-of-ways and public transit facilities
 - b Provision of utilities necessary to serve the redevelopment
 - c Public landscaping
 - d Public landscape/buffer improvements, street lighting and general beautification improvements in connection with public improvements
 - e Public open space
- 5 Job Training and Related Educational Programs Funds may be used by the City or made available for programs to be created for Chicago residents so that they may take advantage of the employment opportunities in the Redevelopment Project Area
- 6 Financing Costs Financing costs, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued under the Act accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding thirty-six (36) months thereafter and including reasonable reserves related thereto, may be funded
- 7 Capital Costs. All or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the Redevelopment Plan and Project, to the extent the municipality by written agreement accepts and approves such costs, may be funded
- 8 Provision for Relocation Costs Funds may be used by the City or made available for the relocation expenses of public facilities and for private property owners and tenants of properties relocated or acquired by the City (or a developer) for redevelopment purposes.

- 9 Payment in Lieu of Taxes
- 10 Costs of Job Training Funds may be provided for costs of job training, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one (1) or more taxing districts, provided that such costs (a) 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 companies located in a redevelopment project area, and (b) 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 Sections 10-22 20a and 10-23 3a of The School Code (as defined in the Act)
- 11 Interest Costs Funds may be provided to developers or redevelopers for a portion of interest costs incurred in the construction of a redevelopment project Interest costs incurred by a developer or redeveloper related to the construction, renovation or rehabilitation of a redevelopment project may be funded 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 (1) year may not exceed thirty percent (30%) of the annual interest costs incurred by the developer or the redeveloper with regard to the redevelopment project during that year,
 - c) if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this paragraph 11 then the amounts due shall accrue and be payable when sufficient funds are available in the special tax allocation fund, and

- d) the total of such interest payments paid pursuant to the Act may not exceed thirty percent (30%) of the total of 1) costs paid or incurred by the developer or redeveloper for the redevelopment project plus 2) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to the Act
12. **New Construction Costs** Funds may not be used by the City for the construction of new privately-owned buildings
13. **Redevelopment Agreements** The City may enter into redevelopment agreements with private developers or redevelopers, which may include but not be limited to, terms of sale, lease or conveyance of land, requirements for site improvements, public improvements, job training and interest subsidies. In the event that the City determines that construction of certain improvements is not financially feasible, the City may reduce the scope of the proposed public improvements.

To undertake these activities, redevelopment project costs will be incurred. Redevelopment project costs (hereafter referred to as the "Redevelopment Project Costs") mean the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to this Plan pursuant to the Act.

The estimated Redevelopment Project Costs are shown in Table 1. The total Redevelopment Project Costs provide an upper limit on expenditures (exclusive of capitalized interest, issuance costs, interest and other financing costs). Within this limit, adjustments may be made in line items without amendment to this Plan. The costs represent estimated amounts and do not represent actual City commitments or expenditures.

Table 1 -- Estimated Redevelopment Project Costs represents those eligible project costs in the Act. These upper limit expenditures are potential costs to be expended over the maximum twenty-three (23) year life of the Redevelopment Project Area. These funds are subject to the number of projects and incremental taxes generated and the City's willingness to fund proposed projects on a project by project basis.

D Sources Of Funds To Pay Redevelopment Project Costs

Funds necessary to pay for Redevelopment Project Costs are to be derived

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principally from tax increment revenues proceeds of municipal obligations which are secured principally by tax increment revenues, and/or possible tax increment revenues from adjacent redevelopment project areas created under the Act. There may be other sources of funds that the City may elect to use to pay for Redevelopment Project Costs or other obligations issued to pay for such costs, these sources include, but are not limited to, state and federal grants developer contributions and land disposition proceeds generated from the Redevelopment Project Area.

The tax increment revenue that may be used to secure municipal obligations or pay for eligible Redevelopment Project Costs shall be the incremental real property tax revenue. Incremental real property tax revenue is attributable to the increase in the current equalized assessed value of each taxable lot, block, tract or parcel of real property in the Redevelopment Project Area over and above the initial equalized assessed value of each such property in the Redevelopment Project Area. Without the use of such tax incremental revenues, the Redevelopment Project Area would not reasonably be anticipated to be developed.

The 89th and State Redevelopment Project Area and other potential redevelopment project areas created under the Act may be or may become contiguous to one another, and, if the City finds that the goals, objectives and financial success of such redevelopment project areas are interdependent, the City may determine that it is in the best interests of the City and in furtherance of the purposes of the Act that net revenues from each such redevelopment project area be made available to support the other. The City therefore proposes to utilize net incremental revenues received from the Redevelopment Project Area to pay eligible redevelopment project costs, or obligations issued to pay such costs, in another contiguous redevelopment project area, and vice versa. The amount of revenue from the 89th and State Redevelopment Project Area made available to support such contiguous redevelopment project areas, when added to all amounts used to pay eligible Redevelopment Project Costs within the 89th and State Redevelopment Project Area, shall not at any time exceed the total Redevelopment Project Costs described in Table 1 of this Redevelopment Plan.

Issuance Of Obligations

To finance Redevelopment Project Costs, the City may issue general obligation bonds or obligations secured by the anticipated tax increment revenue generated within the Redevelopment Project Area, or the City may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers to secure such obligations. In addition, a municipality may pledge toward payment of such obligations any part or any combination of the following:

(i) net revenues of all or part of any redevelopment project, (ii) taxes levied and collected on any or all property in the municipality, (iii) the full faith and credit of the municipality, (iv) a mortgage on part or all of the Redevelopment Project Area, or (v) any other taxes or anticipated receipts that the municipality may lawfully pledge

All obligations issued by the City pursuant to this Plan and the Act shall be retired within twenty-three (23) years (by the year 2021) from the adoption of the ordinance approving the Redevelopment Project Area. Also, the final maturity date of any such obligations which are issued may not be later than twenty (20) years from their respective dates of issue. One (1) or more series of obligations may be sold at one (1) or more times in order to implement this Plan. The amounts payable in any year as principal and interest on all obligations issued by the City pursuant to the Plan and the Act shall not exceed the amounts available, or projected to be available, from tax increment revenues and from such bond sinking funds or other sources of funds (including ad valorem taxes) as may be provided by ordinance. Obligations may be of a parity or senior/junior lien natures. Obligations issued may be serial or term maturities, and may or may not be subject to mandatory, sinking fund or optional redemptions.

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

E Most Recent Equalized Assessed Valuation Of Properties In The Redevelopment Project Area

The total 1996 equalized assessed valuation for the entire Redevelopment Project Area is Three Million Eight Hundred Twenty-seven Thousand Three Hundred Twenty-eight Dollars (\$3,827,328). After verification by the County Clerk of Cook County, this amount will serve as the "Initial Equalized Assessed Valuation" from which all incremental property taxes in the Redevelopment Project Area will be calculated by the County. The 1996 EAV of the Redevelopment Project Area is summarized by Permanent Index Number (PIN) in Table 2 -- 1996 Equalized Assessed Valuation of this Redevelopment Plan.

F Anticipated Equalized Assessed Valuation

By the year 2001, when it is estimated that the residential development will be completed and fully assessed, the estimated equalized assessed valuation of real property within the Redevelopment Project Area is estimated at between Six Million Dollars (\$6,000,000) and Eight Million Dollars (\$8,000,000). These estimates are based on several key assumptions, including 1) all currently proposed residential redevelopment will be completed in 2001, 2) the market value of the anticipated developments will increase following completion of the redevelopment activities described in the Redevelopment Plan and Project, 3) the most recent State Multiplier of 2.1517 as applied to 1996 assessed values will remain unchanged; 4) for the duration of the project, the tax rate for the entire Redevelopment Project Area is assumed to be the same and will remain unchanged from the 1996 level; and 5) growth from reassessments of existing properties will be at a rate of two and five-tenths percent (2.5%) per year with a reassessment every three (3) years. Although additional development in the Redevelopment Project Area may occur after 2001, it is not possible to estimate with accuracy the effect of such future development on the EAV for the Redevelopment Project Area. In addition, as described in Section M of the Plan, "Phasing and Scheduling of Redevelopment", public improvements may be necessary in furtherance of the Plan throughout the twenty-three (23) year period that the Plan is in effect.

G Lack Of Growth And Development Through Investment By Private Enterprise

As described in the Conservation Area Conditions section of this Redevelopment Plan, the Redevelopment Project Area as a whole is adversely impacted by the presence of numerous factors, and these factors are reasonably distributed throughout the Redevelopment Project Area. The Redevelopment Project Area on the whole has not been subject to growth and development through investment by private enterprise. The lack of private investment is evidenced by continued existence of the factors referenced above and the lack of new development projects initiated or completed within the Redevelopment Project Area. There have been no buildings constructed or significantly rehabilitated in the Redevelopment Project Area for several years and even the most recently constructed (ten (10) -- twenty (20) years of age) industrial/distribution facilities are underutilized.

The lack of growth and investment by the private sector is supported by the trend in the equalized assessed valuation (E.A.V.) of all the property in the Redevelopment Project Area. The equalized assessed valuation (E.A.V.) for commercial and industrial property in the City of Chicago increased from Fourteen Billion Four Hundred Sixty-five Million Six Hundred Thirty-nine Thousand Dollars (\$14,465,639,000) in 1991 to Fifteen Billion Seven Hundred

Ninety Million Five Hundred Sixty Thousand Dollars (\$15,790,560,000) in 1996, a total of nine and two-tenths percent (9.2%) or one and eight-tenths percent (1.8%) per year. Over the same period, from 1991 to 1996, the Redevelopment Project Area experienced an overall E.A.V. increase of seventeen and five-tenths percent (17.5%), from Three Million Two Hundred Fifty-six Thousand Six Hundred Thirty Dollars (\$3,256,630) in 1991 to Three Million Eight Hundred Twenty-seven Thousand Three Hundred Twenty-eight Dollars (\$3,827,328) in 1996, an average of three and four-tenths percent (3.4%) per year. However, sixteen (16) of the twenty-three (23) (seventy percent (70%)) parcels experienced changes in E.A.V. the same as or below the citywide average, ranging from negative two and six-tenths percent (-2.6%) to one and eight-tenths percent (1.8%) per year for that same period. One (1) parcel on the Select-Canfield site, 25-03-115-020, which had the largest E.A.V. (One Million Four Hundred Twenty-four Thousand Twelve Dollars (\$1,424,012) in 1996) and was the most active economically, actually increased by six and eight-tenths percent (6.8%) per year. This parcel, however, has seen a significant decrease in economic activity over the last year to eighteen (18) months which is not reflected in the 1996 E.A.V., it is expected that the E.A.V. of the Redevelopment Project Area will continue to decrease given the plans to vacate the site. Excluding this particular parcel from the five (5) year comparison yields an overall per year increase of one and eight-tenths percent (1.8%) for the Redevelopment Project Area, the same as the citywide average. In addition, from 1995 to 1996, the Redevelopment Project Area experienced an overall E.A.V. decrease of two and twenty-five hundredths percent (2.25%), from Three Million Nine Hundred Fifteen Thousand Two Hundred Fifty-eight Dollars (\$3,915,258) in 1995 to Three Million Eight Hundred Twenty-seven Thousand Three Hundred Twenty-eight Dollars (\$3,827,328) in 1996. In contrast, the overall increase for commercial and industrial property in the City for that same period was eight-tenths percent (.8%), from Fifteen Billion Six Hundred Sixty-six Million Three Hundred Seventy-three Thousand Dollars (\$15,666,373,000) in 1995 to Fifteen Billion Seven Hundred Ninety Million Five Hundred Sixty Thousand Dollars (\$15,790,560,000) in 1996.

Summary of the building permit requests for new construction and major renovation from the City of Chicago is found in (Sub)Exhibit 2 -- Building Permit Requests. The four (4) building permit requests for new construction and renovation for the Redevelopment Project Area from 1991 -- 1997 (through July 1997) totaled Eighty-five Thousand Dollars (\$85,000). On an annualized basis this represents only a Thirteen Thousand Dollar (\$13,000) per year average investment, or approximately three-tenths percent (.3%) of the 1996 assessed value in the Redevelopment Project Area.

It is clear from the study of this area that private investment in revitalization and redevelopment has not occurred to overcome the Conservation Area conditions that currently exist. The Redevelopment Project Area is not reasonably expected to be developed without the efforts and leadership of the

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City including the adoption of this Redevelopment Plan

H Financial Impact Of The Redevelopment Project

Without the adoption of this Plan and tax increment financing, the Redevelopment Project Area is not reasonably expected to be redeveloped for the proposed residential use by private enterprise. The consequences of the industrial activities, such as environmental contamination, that have taken place within portions of the Redevelopment Project Area make it expensive to redevelop for nonindustrial uses. There is a real prospect that the Conservation Area conditions will continue and are likely to spread, and the surrounding area will become less attractive for the maintenance and improvement of existing buildings and sites. The possible erosion of the assessed value of property, which would result from the lack of a concerted effort by the City to stimulate revitalization and redevelopment, could lead to a reduction of real estate tax revenue to all taxing districts. If successful, the implementation of the Plan may enhance the values of properties within and adjacent to the Redevelopment Project Area.

The Redevelopment Plan and Project is expected to have minor financial impacts on the taxing districts affected by the Plan. During the period when tax increment financing is utilized in furtherance of the Plan, real estate tax increment revenues (from the increases in E.A.V. over and above the certified initial E.A.V. established at the time of adoption of this Plan) will be used to pay eligible redevelopment project costs for the Redevelopment Project Area or to secure obligations issued pursuant to the Plan. Incremental revenues will not be available to these taxing districts during this period. When the Redevelopment Project Area is no longer in place, the real estate tax revenues will be distributed to all taxing districts levying taxes against property located in the Redevelopment Project Area.

I Demand On Taxing District Services

The following major taxing districts presently levy taxes on properties located within the Redevelopment Project Area: City of Chicago; Chicago Board of Education District 299, Chicago School Finance Authority; Chicago Park District, Chicago Community College District 508; Metropolitan Water Reclamation District of Greater Chicago, County of Cook; and Cook County Forest Preserve District, and the South Cook County Mosquito Abatement District.

The proposed Redevelopment Plan and Project involves the assemblage of underutilized land, and new residential development. However, given the

relatively small size of the proposed new development the financial burden of the Redevelopment Plan and Project on taxing districts is expected to be negligible

The proposed residential development is not likely to cause increased demand for capital improvements to be provided by the Board of Education, the Community College District, the Chicago Park District, the Metropolitan Water Reclamation District or the City of Chicago. Based on the relatively small size of the proposed development and plans to include several park-like green spaces in the new residential area, for example, it is not expected that the Park District will require any new capital improvements. The closest park, Cole Park, located at 361 East 85th Street, could not be included due to its distance from the Redevelopment Project Area and the ineligibility of the properties between the Redevelopment Project Area and the Park. Please see the attached Map 4 in (Sub)Exhibit 3 of the Appendix identifying the location of City parks and schools.

It is also anticipated that any minor increase in demand for treatment of sanitary and storm sewage associated with the residential development within the Redevelopment Project Area can be adequately handled by existing treatment facilities of the Metropolitan Water Reclamation District. Some additional services may be required by the City of Chicago for police and fire protection, however, these services are not expected to be significant given the limited size of the Redevelopment Project Area and the scope of the proposed and any future development.

Finally, the proposed residential development may add between seventy-five (75) to one hundred (100) school-age children to the Redevelopment Project Area. This estimate is based upon market studies utilizing census data and an analysis of purchasing patterns and demographics. The closest public school, McDade Elementary, located at 8806 South Indiana Avenue, is approximately one (1) block from the Redevelopment Project Area yet could not be included due to the good (i.e. non-eligible) condition of twenty-nine (29) single-family residences located between the school and the Redevelopment Project Area. According to the Chicago Board of Education, McDade currently has two hundred (200) students in fifteen (15) classrooms and operates at only fifty percent (50%) capacity. With the expectation that an additional seventy-five (75) to one hundred (100) children may be utilizing this facility, it is apparent that the school could absorb this influx of new children in its current condition. Therefore, the impact of the new residential development on the Chicago Board of Education is expected to be minimal.

J Program To Address Financial And Service Impacts

As described in detail in previous sections the complete scale and amount of development in the Redevelopment Project Area cannot be predicted with complete certainty and the demand for services provided by those taxing districts cannot be quantified at this time. As a result, the City has not developed, at present, a specific plan to address the impact of the Redevelopment Plan and Project on taxing districts.

As indicated in Section C and Table 1, Estimated Redevelopment Project Costs of the Redevelopment Plan and Project, the City may provide public improvements and facilities to service the Redevelopment Project Area. Potential public improvements and facilities provided by the City may mitigate some of the additional service and capital demands placed on taxing districts as a result of the implementation of this Redevelopment Plan and Project.

K Provision For Amending Action Plan

The 89th and State Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project may be amended pursuant to the provisions of the Act.

L Affirmative Action Plan

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

- 1 The assurance of equal opportunity in all personnel and employment actions with respect to the Redevelopment Plan and Project, including but not limited to hiring, training, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, etc., without regard to race, color, religion, sex, age, handicapped status, national origin, creed or ancestry.
- 2 Redevelopers will meet City of Chicago standards for participation of Minority Business Enterprises and Woman Business Enterprises and the City Resident Construction Worker Employment Requirement as required in Redevelopment Agreements.
- 3 This commitment to affirmative action and nondiscrimination will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.

redevelopment of the Redevelopment Project Area. It is expected that over the twenty-three (23) years that this plan is in effect for the Redevelopment Project Area, numerous public/private improvements and developments can be expected to take place. The specific time frame and financial investment will be staged in a timely manner with the proposed residential development taking place in approximately the next four (4) years.

Development within the Redevelopment Project Area intended to be used for residential purposes will be staged consistently with the funding and construction of infrastructure improvements, and private sector interest in new residential facilities. City expenditures for Redevelopment Project Costs will be carefully staged on a reasonable and proportional basis to coincide with expenditures in redevelopment by private developers. The estimated completion date of the Redevelopment Project shall be no later than twenty-three (23) years from the adoption of the ordinance by the City Council approving the Redevelopment Project Area.

[(Sub)Exhibit 1 referred to in this 89th and State Redevelopment Plan constitutes Exhibit "C" to the ordinance and is printed on page 64530 of this Journal.]

[(Sub)Exhibit 3 (Maps 1 through 4) referred to in this 89th and State Redevelopment Plan printed on pages 64485 through 64488 of this Journal.]

Tables 1 and 2 and (Sub)Exhibits 2 and 4 referred to in this 89th and State Redevelopment Plan read as follows:

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Table 1
(To 89th And State Redevelopment Plan)

Estimated Redevelopment Project Costs

Program Action/Improvements	Costs
Planning, Legal, Professional, Administration	\$ 300,000
Assemblage of Sites	200,000
Site Preparation/Environmental Remediation/Demolition	2,000,000
Rehabilitation Costs	100,000
Public Improvements	2,200,000 (3)
Job Training	75,000
Relocation Costs	25,000

(3) This category may also include reimbursing capital costs of taxing districts impacted by the redevelopment of the Redevelopment Project Area. As permitted by the Tax Increment Allocation Redevelopment Act, the City may pay all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment plan and project, to the extent the City by written agreement accepts and approves such costs.

Program Action/Improvements	Costs
Interest Costs	100,000
TOTAL REDEVELOPMENT PROJECT COSTS*	\$5,000,000 (1)(2)

* Exclusive of capitalized interest, issuance costs and other financing costs

(1) All costs are 1997 dollars. In addition to the above stated costs, each issue of bonds issued to finance a phase of the project may include an amount of proceeds sufficient to pay customary and reasonable charges associated with the issuance of such obligations. Adjustments to the estimated line item costs above are expected. Each individual project cost will be re-evaluated in light of projected private development and resulting incremental tax revenues as it is considered for public financing under the provisions of the Act. The totals of line items set forth above are not intended to place a total limit on the described expenditures. Adjustments may be made in line items within the total, either increasing or decreasing line item costs as a result of changed redevelopment costs and needs.

(2) The total estimated Redevelopment Project Costs amount does not include private redevelopment costs. Total Redevelopment Project Costs are inclusive of redevelopment project costs incurred in contiguous redevelopment project areas that are permitted under the Act to be paid from incremental property taxes generated in the Redevelopment Project Area, but does not include redevelopment project costs incurred in the Redevelopment Project Area which are paid from incremental property taxes generated in the contiguous redevelopment project areas.

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Table 2
(To 89th And State Redevelopment Plan)

1995 Equalized Assessed Valuation.

Permanent Index Number	Equalized Assessed Valuation
25-03-115-003	\$ 365,772
25-03-115-008	137,102
25-03-115-011	129,285
25-03-115-012	211,278
25-03-115-013	70,240
25-03-115-014	104,454
25-03-115-018	1,183
25-03-115-019	82,242
25-03-115-020	1,424,012
25-03-115-021	56,882
25-03-115-030	112,444
25-03-115-031	8,568
25-03-115-032	69,646
25-03-115-033	93,018
25-03-115-034	134,587
25-03-115-038	29,244

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Permanent Index Number	Equalized Assessed Valuation
25-03-115-046	\$536,991
25-03-115-047	112,736
25-03-115-048	73,950
25-03-115-049	73,694
25-03-501-001	RR
25-03-500-001	RR
25-03-501-002	RR
Total (23 Permanent Index Numbers)	\$3,827,328

(Sub)Exhibit 2
(To 89th And State Redevelopment Plan)

Building Permit Requests

New Construction/Investment Permits

Permit Number	Date	Address	Investment
735767	March 13, 1991	111 East 89 th Place	\$ 0
737795	May 1, 1991	111 East 89 th Place	0

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4/1/98

Permit Number	Date	Address	Investment
740519	July 1, 1991	50 East 89 th Place	10 000
779471	December 10, 1993	111 East 89 th Place	<u>75,000</u>
TOTAL			\$85,000

(Sub)Exhibit 4
(To 89th And State Redevelopment Plan)

City Of Chicago

89th And State

Tax Increment Finance Program

Eligibility Study

I

Introduction

Louik/Schneider and Associates, Inc has been retained by BEJCO

(Continued on page 64489)

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(Continued from page 64484)

Corporation to conduct an independent initial study and survey of the proposed redevelopment area known as the 89th and State Area, Chicago, Illinois (the "Study Area") The purpose of the study is to determine whether the twenty-three (23) parcels in the Study Area qualify for designation as a "Conservation Area" for the purpose of establishing a tax increment financing district, pursuant to the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74 4-1, et seq, as amended (the "Act") This report summarizes the analyses and findings of the consultants' work, which is the responsibility of Louik/Schneider and Associates, Inc.. The City of Chicago is entitled to rely on the findings and conclusions of this report in designating the Study Area as a redevelopment project area under the Act Louik/Schneider and Associates, Inc has prepared this report with the understanding that the City would rely (i) on the findings and conclusions of this report in proceeding with the designation of the Study Area as a redevelopment project area under the Act, and (ii) on the fact that Louik/Schneider and Associates, Inc has obtained the necessary information to conclude that the Study Area can be designated as a redevelopment project area in compliance with the Act

Following this introduction, Section II presents background information of the Study Area including the area location, description of current conditions and site history Section III explains the Building Condition Assessment and documents the qualifications of the Study Area as a Conservation Area under the Act Section IV, Summary and Conclusions, presents the findings

This report was jointly prepared by Myron D Louik, John P Schneider, Lori T Healey, Tricia Marino Ruffolo and Sandy Plisic of Louik/Schneider and Associates, Inc.

II

Background Information

A Location

The 89th and State Study Area is located on the south side of the City of Chicago, Illinois approximately eleven (11) miles from the City's central business district The Study Area contains approximately thirty-seven and nine-tenths (37 9) acres and is the approximate size of three (3) city blocks. The Study Area is generally bounded by 89th Street on the north, Indiana Avenue on the east, the

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Chicago Rock Island & Pacific Railroad right-of-way on the south, and State Street (and the Dan Ryan Expressway, Interstate 90/94) on the west. The boundaries of the Study Area are shown on Map 1, Project Boundary Map, and the existing land uses are identified on Map 2 Existing Land-Use

The Study Area is situated directly east of the Dan Ryan Expressway (Interstate 90/94) which links it to the overall interstate highway network in Chicago including the Kennedy Expressway (Interstate 90/94), the Stevenson Expressway (Interstate 55), the Eisenhower Expressway (Interstate 290) and the Edens Expressway (Interstate 94). The major local surface transportation access routes serving the Study Area include 89th Street and 87th Street (east/west) and State Street and the Dan Ryan Expressway (north/south). Additionally, the Study Area is well-served by public transportation such as the C T A Red Line and the State Street bus.

B Description Of Current Conditions

The Study Area consists of twenty-three (23) parcels in the approximate size of three (3) city blocks. Of the twenty-three (23) parcels, fifteen (15) (sixty-five and two-tenths percent (65.2%)) contain buildings, four (4) (seventeen and four-tenths percent (17.4%)) contain improved lots with no buildings (parking and outside storage), one (1) (four and three-tenths percent (4.3%)) is a vacant, grassy lot and three (3) (thirteen percent (13%)) are railroad rights-of-way. There are seventeen (17) buildings in the Study Area, all of which are industrial with related administrative/office uses or are strictly industrial in nature.

Much of the Study Area is in need of redevelopment, rehabilitation and revitalization and is characterized by

- deteriorated buildings and site improvements;
- vacant and underutilized property,
- obsolescence,
- inadequate infrastructure,
- conflicting land-use, and
- other blighting characteristics

Additionally, a lack of growth and investment by the private sector is supported

by 1) the lack of building permit requests for the Study Area in terms of number and dollar amounts, and 2) a comparison of the relative growth of the equalized assessed valuation ("E A V ") of all the property and parcels in the Study Area during the period from 1991 to 1996 as compared to the citywide average Specifically

- (Sub)Exhibit 2 contains a summary of the building permit requests for new construction and major renovation from the City of Chicago The four (4) building permit requests for new construction and renovation for the Study Area from 1991 -- 1997 (through July, 1997) total Eighty-five Thousand Dollars (\$85,000) On an annualized basis, this represents only a Thirteen Thousand Dollar (\$13,000) per year average investment, or approximately three-tenths percent (3%) of the 1996 assessed value in the Study Area

- The Study Area is comprised of industrial with some related administrative uses The equalized assessed value (E.A V) for commercial and industrial property in the City of Chicago increased from Fourteen Billion Four Hundred Sixty-five Million Six Hundred Thirty-nine Thousand Dollars (\$14,465,639,000) in 1991 to Fifteen Billion Seven Hundred Ninety Million Five Hundred Sixty Thousand Dollars (\$15,790,560,000) in 1996, a total of nine and two-tenths percent (9 2%) or one and eight-tenths percent (1 8%) per year Over the same period, from 1991 to 1996, the Study Area experienced an overall E.A V increase of seventeen and five-tenths percent (17 5%), from Three Million Two Hundred Fifty-six Thousand Six Hundred Thirty Dollars (\$3,256,630) in 1991 to Three Million Eight Hundred Twenty-seven Thousand Three Hundred Twenty-eight Dollars (\$3,827,328) in 1996, an average of three and four-tenths percent (3 4%) per year However, sixteen (16) of the twenty-three (23) (seventy percent (70%)) parcels experienced changes in E A V the same as or below the citywide average, ranging from negative two and six-tenths percent (-2 6%) to one and eight-tenths percent (1 8%) per year for that same period One (1) parcel on the Select-Canfield site, 25-03-115-020, which has the largest E A.V (One Million Four Hundred Twenty-four Thousand Twelve Dollars (\$1,424,012) in 1996) and was the most active economically, actually increased by six and eight-tenths percent (6 8%) per year This parcel, however, has seen a significant decrease in economic activity over the last year to eighteen (18) months which is not reflected in the 1996 E A V ; it is expected that the E.A V. of the Study Area will continue to decrease given the plans to vacate the site. Excluding this particular parcel from the five (5) year comparison yields an overall per year

increase of one and eight-tenths percent (1.8%) for the Study Area, the same as the citywide average. In addition, from 1995 to 1996, the Study Area experienced an overall E A V decrease of two and twenty-five hundredths percent (2.25%), from Three Million Nine Hundred Fifteen Thousand Two Hundred Fifty-eight Dollars (\$3,915,258) in 1995 to Three Million Eight Hundred Twenty-seven Thousand Three Hundred Twenty-eight Dollars (\$3,827,328) in 1996. In contrast, the overall increase for commercial and industrial property in the City for that same period was eight-tenths percent (.8%), from Fifteen Billion Six Hundred Sixty-six Million Three Hundred Seventy-three Thousand Dollars (\$15,666,373,000) in 1995 to Fifteen Billion Seven Hundred Ninety Million Five Hundred Sixty Thousand Dollars (\$15,790,560,000) in 1996.

C Area History And Profile

The Study Area is located in the Chatham neighborhood on the south side of the City of Chicago. An attractive residential community today, Chatham was originally a low-lying swamp south of the city that was settled by stonemasons and railroad workers. In 1920, Chatham had a population of almost ten thousand (10,000), mostly foreign-born, residents, the housing boom and manufacturing growth of that decade increased Chatham's population to more than thirty-six thousand (36,000) in 1930 and to more than forty thousand (40,000) in 1950.

Today, Chatham is an attractive residential community with some areas of unattractive commercial/retail development. Median property values are among the top five (5) on the south side. The percentage of single-family units that are owner-occupied is significant. Chatham is home to Seaway National Bank, one (1) of the largest African-American-owned banks, as well as Johnson Products and Ultra Sheen, two (2) of the largest African-American business enterprises. Pride in the community is high, and many residents see it as the model of a viable, stable African-American community.

D Existing Land-Use And Zoning Characteristics

At the present time, the existing land uses within the Study Area are reflective of the underlying zoning and are industrial (one hundred percent (100%)) in nature with some administrative/office uses related to or within the adjacent industrial facilities. The property within the Study Area is zoned (one hundred percent (100%)) for light to medium industrial uses (M1-1 along the north and east perimeters of the Study Area and M2-2 on the balance of the acreage). The

Study Area, however, is surrounded by residential uses on the north, east and south beyond the public and railroad rights-of-way. The western boundary, State Street, is adjacent to the Dan Ryan Expressway which has commercial/retail uses to its west. (See Map 2, Existing Land Uses)

III

Qualification As A Conservation Area.

A Illinois Tax Increment Act

The Act authorizes Illinois municipalities to redevelop locally designated deteriorated areas through tax increment financing. In order for an area to qualify as a tax increment financing district, it must first be designated as a Blighted Area, a Conservation Area (or a combination of the two) or an Industrial Park.

As set forth in the Act, a Conservation Area means any unimproved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality in which fifty percent (50%) or more of the structures are thirty-five (35) years of age or older and the area exhibits the presence of three (3) or more of the following factors: dilapidation, obsolescence, deterioration, illegal use of individual structures, presence of structures below minimum code standards, abandonment, excessive vacancies, overcrowding of structures and community facilities, lack of ventilation, light or sanitary facilities, inadequate utilities, excessive land coverage; deleterious land-use or layout, depreciation of physical maintenance, or lack of community planning. A Conservation Area is not yet blighted, but because of its age and the combination of three (3) or more of the above-stated factors, is detrimental to public safety, health, morals or welfare and may become a blighted area. All factors must indicate that the area on the whole has not been subject to growth and development through investments by private enterprise, and will not be developed without action by the City.

On the basis of this approach, the 89th and State Study Area will be considered eligible for designation as a Conservation Area within the requirements of the Act.

B Survey, Analysis And Distribution Of Eligibility Factors

Exterior surveys were conducted of all of the twenty-three (23) parcels located within the Study Area. An analysis was made of each of the conservation area eligibility factors contained in the Act to determine their presence in the Study Area. This exterior survey examined not only the condition and use of buildings but also included conditions of streets, sidewalks, curbs, gutters, lighting, vacant land, underutilized land, parking facilities, landscaping, fences and walls and general maintenance. In addition, an analysis was conducted of existing site coverage and parking, land-uses, zoning and their relationship to the surrounding area.

A parcel-by-parcel analysis was conducted of the conservation area eligibility factors (see (Sub)Exhibit 3 -- Criteria of Eligibility Factors Matrix). Each of the factors is present to a varying degree. The following three (3) levels are identified:

- Not present -- indicates that either the condition did not exist or no evidence could be found or documented during the survey or analysis.
- Present to a minor extent -- indicates that the condition did exist, but its distribution or impact was limited.
- Present to a major extent -- indicates that the condition did exist and was present throughout the area and was at a level to influence the Study Area and adjacent and/or nearby parcels of property.

C Building Evaluation Procedure

This section identifies how buildings within the Study Area are evaluated.

How Building Components and Improvements Are Evaluated.

During the field survey, all components of and improvements to the subject buildings were examined to determine whether they were in sound condition or had minor, major or critical defects. These examinations were completed to determine whether conditions existed to evidence the presence of any of the following related factors: dilapidation, deterioration or depreciation of physical maintenance.

Building components and improvements examined were of two (2) types:

Primary Structural Components

These include the basic elements of any building or improvement including foundation walls, load bearing walls and columns, roof and roof structure

Secondary Components

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

Each primary and secondary component and improvement was evaluated separately as a basis for determining the overall condition of the building and surrounding area. This evaluation considered the relative importance of specific components within the building and the effect that deficiencies in components and improvements have on the remainder of the building.

Once the buildings are evaluated, they are classified as identified in the following section.

Building Component and Improvement Classifications

The four (4) categories used in classifying building components and improvements and the criteria used in evaluating structural deficiencies are described as follows

- 1 Sound -- Building components and improvements which contain no defects are adequately maintained and require no treatment outside of normal ongoing maintenance
- 2 Requiring Minor Repair -- Depreciation of Physical Maintenance -- Building components and improvements which contain defects (loose or missing material or holes and cracks over a limited area) that often may be corrected through the course of normal maintenance. Minor defects have no real effect on either primary or secondary components and improvements and the correction of such defects may be accomplished by the owner or occupants, such as pointing masonry joints over a limited area or replacement of less complicated components and improvements. Minor defects are not considered in rating a building as structurally substandard
- 3 Requiring Major Repair -- Deterioration -- Building components and

improvements which contain major defects over a widespread area and would be difficult to correct through normal maintenance. Buildings and improvements in this category would require replacement or rebuilding of components and improvements by people skilled in the building trades.

- 4 Critical - Dilapidated -- Building components and improvements which contain major defects (bowing, sagging, or settling to any or all exterior components, for example) causing the structure to be out-of-plumb, or broken, loose or missing material and deterioration over a widespread area so extensive that the cost of repair would be excessive.

* (See footnote below)

E Conservation Area Eligibility Factors

A finding may be made that the Study Area is a Conservation Area based on the fact that fifty percent (50%) or more of the structures are thirty-five (35) years of age or older, and the area exhibits the presence of three (3) or more of the conservation area eligibility factors described above in Paragraph A, and that the area may become a blighted area because of these factors. This section examines each of the Conservation Area eligibility factors.

1 Age

Age presumes the existence of problems or limiting conditions resulting from normal and continuous use of structures over a period of years. Since building deterioration and related structural problems are a function of time, temperature and moisture, structures that are thirty-five (35) years or older typically exhibit more problems than more recently constructed buildings.

There are eleven (11) of the seventeen (17) (sixty-four and seven-tenths percent (64.7%)) buildings in the Study Area that are at least thirty-five (35) years or older.

* Subsection III D to this Eligibility Study not included on original document

Conclusion

Age is present to a major extent in the Study Area. Age is present in eleven (11) of the seventeen (17) (sixty-four and seven-tenths percent (64.7%)) buildings and in ten (10) of the twenty-three (23) (forty-three and four-tenths percent (43.4%)) parcels. The results of the analysis of age are shown in Map 3.

2 Dilapidation.

Dilapidation refers to an advanced state of disrepair of buildings and improvements. In May and June of 1997, an exterior survey of all the structures and the condition of each of the buildings in the Study Area was conducted. The analysis of building dilapidation is based on the survey methodology and criteria described in the preceding section on "How Building Components and Improvements are Evaluated."

Based on exterior building surveys, it was determined that one (1) of the seventeen (17) (five and nine-tenths percent (5.9%)) buildings in the Study Area was dilapidated and exhibited major problems making it structurally substandard. The small, vacant building, located on a large, mostly vacant parcel abutting the railroad right-of-way, had walls that were missing, a roof that was caving in and abundant vegetation that was growing into the structure.

Conclusion

Dilapidation is present to a minor extent in the Study Area. Dilapidation is present in one (1) of the seventeen (17) (five and nine-tenths percent (5.9%)) buildings and to a minor extent in one (1) of the twenty-three (23) (four and three-tenths percent (4.3%)) parcels. The results of the analysis of dilapidation are shown on Map 4.

3 Obsolescence

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

-- Functional Obsolescence

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

-- Economic Obsolescence

Economic obsolescence is normally a result of adverse conditions which cause some degree of market rejection and, hence, depreciation in market values. Typically, buildings classified as dilapidated and buildings that contain vacant space are characterized by problem conditions which may not be economically curable, resulting in net rental losses and/or depreciation in market value.

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

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

Obsolete Building Types

Obsolete buildings contain characteristics or deficiencies which limit their long-term sound use or reuse for the purpose for which they were built. Obsolescence in such buildings is typically difficult and expensive to correct. Obsolete building types have an adverse effect on nearby and surrounding developments and detract from the physical, functional and economic vitality of the area.

These structures are characterized by conditions indicating that they are incapable of efficient or economic use according to contemporary standards. Within the Study Area these conditions include

- inefficient configuration of the structures, including irregular or small size, insufficient width and low ceiling heights
- structural dilapidation, including walls which are no longer capable of providing support to the structure and other insufficient primary and secondary components, and
- extensive physical deterioration within the immediate environment of the buildings, making reuse difficult and costly, if not impossible

Obsolete Platting

Obsolete platting includes parcels of irregular shape, narrow or small size, and parcels improperly platted within the Study Area blocks. Within the Study Area, there are three (3) of the twenty-three (23) (thirteen percent (13%)) parcels that are irregularly shaped and which do not contain buildings due to their constrained size and configuration. Development of these individual parcels is not possible without the development of the surrounding parcels.

Obsolete Site Improvements

Site improvements, including sewer and water lines, public utility lines (gas, electric and telephone), roadways, parking areas, parking structures, sidewalks, curbs and gutters, lighting, et cetera, may also evidence obsolescence in terms of their relationship to contemporary development standards for such improvements. Factors of obsolescence may include inadequate utility capacities, outdated designs, et cetera. Throughout the Study Area, there are obsolete site improvements. Internal streets are inadequate in terms of condition with deteriorated or no curbs/gutters. Additionally, sidewalks are in extremely poor condition or are non-existent.

Obsolescence is present in thirteen (13) of the seventeen (17) (seventy-six and five-tenths percent (76.5%)) buildings and fourteen (14) of the twenty-three (23) (sixty and nine-tenths percent (60.9%)) parcels in the Study Area.

Conclusion

Obsolescence is present to a major extent in the Study Area. Obsolescence is present in thirteen (13) of the seventeen (17) (seventy-six and five-tenths percent (76.5%)) buildings and to a major extent in fourteen (14) of the twenty-three (23) (sixty and nine-tenths percent (60.9%)) parcels. The results of the obsolescence analysis are presented in Map 5.

3 Deterioration

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

- Deterioration which is not easily correctable and cannot be repaired in the course of normal maintenance may be evident in buildings. Such buildings and improvements may be classified as requiring major or many minor repairs, depending upon the degree or extent of defects. This would include buildings with defects in the secondary building components (e.g., doors, windows, porches, gutters and downspouts, fascia materials, et cetera), and defects in primary building components (e.g., foundations, frames, roofs, et cetera), respectively.
- All buildings and site improvements classified as dilapidated are also deteriorated.

Deterioration Of Buildings

The analysis of building deterioration is based on the survey methodology and criteria described in the preceding section on "How Building Components and Improvements Are Evaluated". There are sixteen (16) of the seventeen (17) (ninety-four and one-tenth percent (94.1%)) buildings, present on fourteen (14) of the fifteen (15) (ninety-three percent (93%)) parcels with buildings in the Study Area, that are deteriorated.

The deteriorated buildings in the Study Area exhibit defects in both their primary and secondary components. For example, the primary components exhibiting defects include walls, roofs and foundations with loose or missing materials (mortar, shingles), and holes and/or cracks in these components. The defects of secondary components include damage to windows, doors, stairs and/or porches, missing or cracked tuckpointing and/or masonry on the facade, chimneys, etc., missing parapets, gutters and/or downspouts, foundation cracks

or settling, and other missing structural components

This is another factor that affects most buildings in large part because of the lack of maintenance. Need for masonry repairs and tuckpointing is predominant, closely followed by deteriorating doors, facades and secondary elements in the buildings.

Deteriorated structures exist throughout the Study Area due to the combination of the age and advanced state of disrepair. The entire Study Area contains deteriorated buildings and most of the parcels with buildings are impacted by such deterioration.

Deterioration Of Parking And Surface Areas

Field surveys were also conducted to identify the condition of the eight (8) parcels without structures, of which four (4) are improved lots with no buildings (parking and outside storage), three (3) are railroad rights-of-way and one (1) is a vacant lot. Of these eight (8) parcels, the four (4) utilized for parking and outside storage are classified as deteriorated. These parcels are characterized by uneven surfaces with insufficient gravel or broken asphalt, vegetation growing through the parking surface, depressions and standing water, absence of curbs or guardrails, falling or broken fences and extensive debris. Deteriorating surface conditions also exist on the one (1) vacant lot and one (1) inactive railroad right-of-way which exhibit extremely overgrown vegetation and uneven surfaces. Any new construction on these parcels would require major investment in clearing and grading.

Deterioration can be found in six (6) of the eight (8) parcels (seventy-five and zero-tenths percent (75.0%)) without buildings and in twenty (20) of the twenty-three (23) (eighty-seven and zero-tenths percent (87.0%)) parcels in the Study Area.

Conclusion

Deterioration is present to a major extent in the Study Area. Deterioration is present in sixteen (16) of the seventeen (17) (ninety-four and one-tenth percent (94.1%)) buildings and to a major extent in twenty (20) of the twenty-three (23) (eighty-seven and zero-tenths percent (87.0%)) parcels. The results of the deterioration analysis are presented in Map 6.

4 Illegal Use Of Individual Structures

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

Conclusion

A review of the Chicago Zoning Ordinance indicates that there are no illegal uses of the structures or improvements in the Study Area

5 Presence Of Structures Below Minimum Code Standards.

Structures below minimum code standards include all structures which do not meet the standards of zoning, subdivision, building, housing, property maintenance, fire or other governmental codes applicable to the property. The principal purposes of such codes are 1) to require buildings to be constructed in such a way as to sustain safety of loads expected from the type of occupancy, 2) to be safe for occupancy against fire and similar hazards, 3) and to establish minimum standards essential for safe and sanitary habitation

From January of 1992 through July of 1997, one (1) of the seventeen (17) (five and nine-tenths percent (5 9%)) buildings have been cited for building code violations by the City of Chicago's Department of Buildings

Conclusion

Structures below minimum code standards are present to a minor extent. One (1) of the seventeen (17) (five and nine-tenths percent (5 9%)) buildings in the Study Area has been identified as being below minimum code standards. Structures below minimum code standards is present to a minor extent on one (1) of the twenty-three (23) (four and three-tenths percent (4 3%)) parcels in the Study Area

6 Abandonment

Abandoned buildings and improvements are usually dilapidated and show visible signs of long-term vacancy and non-use. Abandonment is distinguished from vacancy, however, in that the owner/occupant usually relinquishes all right, title, claim and possession with the intention of not reclaiming the property or resuming its ownership or possession. Additional supporting

evidence to document abandonment includes nonpayment of property taxes and unsuccessful attempts to locate owners of vacant properties

Conclusion

No evidence of abandonment of structures has been documented as part of the exterior surveys and analyses undertaken within the Study Area

7 Excessive Vacancies

Excessive vacancy refers to buildings or sites, a large portion of which are unoccupied or underutilized and that exert an adverse influence on the area because of the frequency, duration or extent of vacancy. Excessive vacancies include properties which evidence no apparent effort directed toward their occupancy or underutilization.

Excessive vacancies occur in varying degrees throughout the Study Area. There are vacancies in the following building types:

- A dilapidated industrial structure on a largely vacant parcel
- Four (4) industrial buildings which are a) no longer in use or b) contain minimal uses (less than fifty percent (50%)) and are primarily used to store materials
- One (1) office/administrative structure related to the primary industrial use which is over fifty percent (50%) vacant
- Three (3) underutilized (sixteen and seven-tenths percent (16 7%) to twenty percent (20%)) industrial/distribution buildings

In addition to the vacant buildings, one (1) smaller parcel is vacant (unimproved) and underutilized and one (1) railroad right-of-way parcel is inactive.

Conclusion

Excessive vacancies are present to a minor extent in the Study Area. Excessive vacancies (over fifty percent (50%)) can be found in six (6) of the seventeen (17) (thirty-five and three-tenths percent (35 3%)) buildings, and to a major extent in seven (7) of the twenty-three (23) (thirty and four-tenths percent (30 4%)) parcels and to minor extent in three (3) of the twenty-three (23) (thirteen percent (13%))

parcels The results of the excessive vacancy analysis are presented in Map 7

8 Overcrowding Of Structures And Community Facilities

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

Conclusion

Based on the exterior surveys and analyses undertaken within the Study Area, overcrowding of structures and community facilities is not present in the Study Area

9 Lack Of Ventilation, Light Or Sanitary Facilities

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

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

Conclusion

Based on the exterior surveys and analyses undertaken within the Study Area, there is no evidence of lack of ventilation, light or sanitary facilities

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10 Inadequate Utilities

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

Conclusion

Based on the exterior surveys and analyses undertaken within the Study Area, there is no evidence of inadequate utilities

11 Excessive Land Coverage

Excessive land coverage refers to the over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Problem conditions include buildings either improperly situated on the parcel or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety. The resulting inadequate conditions include such factors as insufficient provision for light and air, increased threat of spread of fires due to close proximity to nearby buildings, lack of adequate or proper access to a public right-of-way, lack of required off-street parking, and inadequate provision for loading and service. Excessive land coverage conditions have an adverse or blighting effect on nearby development.

Excessive land coverage occurs in one (1) of the fifteen (15) (six and seven-tenths percent (6 7%)) parcels with structures/buildings in the Study Area. The building has been built basically property line to property line, leaving a very small, unpaved area in front of the facility for parking and storage of parts/materials.

Conclusion

Excessive land coverage is present to a minor extent in the Study Area. Excessive land coverage is present to a major extent in one (1) of the fifteen (15) (six and seven-tenths percent (6 7%)) parcels with buildings. The results of excessive land coverage analysis are presented in Map 8.

12 Deleterious Land-Use Or Layout

Deleterious land uses include all instances of incompatible land-use relationships, buildings occupied by inappropriate mixed uses, or uses which may be considered noxious, offensive or environmentally unsuitable. It also includes residential uses which front on or are located near heavily traveled streets, thus causing susceptibility to noise, fumes and glare. Deleterious layout includes evidence of improper or obsolete platting of the land, inadequate street layout and parcels of inadequate size or shape to meet contemporary development standards. It also includes evidence of poor layout of buildings on parcels and in relation to other buildings.

In the Study Area, deleterious land-use or layout is identified in twelve (12) of seventeen (17) (seventy and six-tenths percent (70.6%)) buildings and in thirteen (13) of the twenty-three (23) (fifty-six and five-tenths percent (56.5%)) parcels, including the parcels exhibiting excessive land coverage and dilapidation. Additionally, three (3) parcels exhibit obsolete platting and/or inadequate size or shape and eight (8) exhibit an inappropriate use, such as industrial adjacent to residential and/or outside storage on a major thoroughfare, or are located adjacent to a vacant building or parcel.

Conclusion

Deleterious land-use and layout is present to a major extent in the Study Area. Deleterious land-use and layout is present in twelve (12) of the seventeen (17) (seventy and six-tenths percent (70.6%)) buildings and to a major extent in thirteen (13) of the twenty-three (23) (fifty-six and five-tenths percent (56.5%)) parcels. The results of the deleterious land-use and layout analysis are presented in Map 9.

13 Depreciation Of Physical Maintenance

Depreciation of physical maintenance refers to the effects of deferred maintenance and the lack of maintenance of buildings, parking areas and public improvements, including alleys, walks, streets and utility structures. The analysis of depreciation of physical maintenance is based on survey methodology and criteria described in the preceding section "How Building Components and Improvements Are Evaluated".

The entire Study Area is affected by lack of physical maintenance. Twenty-one (21) of the twenty-three (23) (ninety-one and three-tenths percent (91.3%)) parcels lack physical maintenance.

The buildings that evidence depreciation of physical maintenance including items such as unpainted or unfinished surfaces, peeling paint, loose or missing materials, broken windows, loose or missing gutters or downspouts, loose or missing shingles, overgrown vegetation and general lack of maintenance et cetera. All seventeen (17) of the seventeen (17) (one hundred percent (100%)) buildings in the Study Area are affected by depreciation of physical maintenance. Accumulation of trash and debris, broken fences and other missing elements or materials from the walls of the buildings are examples of the degrees of depreciation that exist.

Most of the Study Area shows extensive signs of depreciation, in particular the access street into the industrial area that has not been designed to handle today's transport trucks, neither by weight nor by design. The parking/storage lots have a variety of broken pavement, pot holes, standing water, deteriorated curbs, broken or rotted bumper guards, growing grass in pavement, crumbling asphalt and accumulation of trash or debris. The vacant lots also exhibit an accumulation of trash and debris, standing water and overgrown vegetation. Much maintenance is needed in vacant lots and in private parking areas.

Conclusion

Depreciation of physical maintenance is present to a major extent in the Study Area. Depreciation of physical maintenance is present in seventeen (17) of the seventeen (17) (one hundred percent (100%)) buildings and to a major extent in twenty-one (21) of the twenty-three (23) (ninety-one and three-tenths percent (91.3%)) parcels. The results of the depreciation of physical maintenance analysis are presented in Map 10.

14 Lack Of Community Planning

Lack of community planning may be a factor if the proposed redevelopment area was developed prior to or without the benefit of a community plan. This finding may be amplified by other evidence which shows the deleterious results of the lack of community planning, including adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, and parcels of inadequate size or shape to meet contemporary development standards.

Conclusion

There was insufficient evidence to determine that the area was developed prior to or without the benefit of a community plan. Therefore, lack of community

planning is not a factor in the Study Area

Summary

In addition to the age requirement, eight (8) conservation area eligibility criteria are present in varying degrees throughout the Study Area. Four (4) factors are present to a major extent and four (4) are present to a minor extent. The eight (8) conservation area eligibility factors that have been identified in the Study Area are as follows:

Major Extent

- obsolescence
- deterioration
- deleterious land-use or layout
- depreciation of physical maintenance

Minor Extent

- dilapidation
- structures below minimum code
- excessive vacancies
- excessive land coverage

IV

Summary And Conclusion

The conclusion of the consultant team is that the number, degree and distribution of Conservation Area eligibility factors as documented in this report warrant the designation of the Study Area as a Conservation Area as set forth in the Act. Specifically:

- The buildings in the Study Area meet the statutory criteria that requires fifty percent (50%) or more of the structures to be thirty-five (35) years of age or older, sixty-four and seven-tenths percent (64 7%) of the buildings in the Study Area are at least thirty-five (35) years old
- Of the fourteen (14) eligibility factors for a Conservation Area set forth in the law, four (4) are present to a major extent and four (4) are present to a minor extent in the Study Area and only three (3) are necessary for designation as a Conservation Area
- The Conservation Area eligibility factors which are present are reasonably distributed throughout the Study Area
- All areas within the Study Area show the presence of Conservation Area eligibility factors
- The Study Area is not yet blighted, but because of the factors described in this report, the Study Area may become a blighted area

While it may be concluded that the mere presence of the stated eligibility factors in Section III may be sufficient to make a finding of qualification as a Conservation Area, this evaluation was made on the basis that the factors must be present to an extent that would lead reasonable persons to conclude that public intervention is appropriate or necessary. Secondly, the distribution of conservation area eligibility factors throughout the Study Area must be reasonable so that a basically good area is not arbitrarily found to be a Conservation Area simply because of proximity to an area that exhibits conservation area eligibility factors. All portions of the Study Area evidence the presence of some of the eligibility factors.

Additional research indicates that the area on the whole has not been subject to growth and development as a result of investments by private enterprise, and will not be developed without action by the City. Specifically

- (Sub)Exhibit 2 contains a summary of the building permit requests for new construction and major renovation from the City of Chicago. The four (4) building permit requests for new construction and renovation for the Study Area from 1991--1997 (through July, 1997) totaled Eighty-five Thousand Dollars (\$85,000). On an annualized basis, this represents only a Thirteen Thousand Dollar (\$13,000) per year average investment, or approximately three-tenths percent (3%) of the 1996 assessed value in the Study Area.

-- The Study Area is comprised of industrial with some related administrative uses. The equalized assessed value (E A V) for commercial and industrial property in the City of Chicago increased from Fourteen Billion Four Hundred Sixty-five Million Six Hundred Thirty-nine Thousand Dollars (\$14,465,639,000) in 1991 to Fifteen Billion Seven Hundred Ninety Million Five Hundred Sixty Thousand Dollars (\$15,790,560,000) in 1996, a total of nine and two-tenths percent (9.2%) or one and eight-tenths percent (1.8%) per year. Over the same period, from 1991 to 1996, the Study Area experienced an overall E A V increase of seventeen and five-tenths percent (17.5%), from Three Million Two Hundred Fifty-six Thousand Six Hundred Thirty Dollars (\$3,256,630) in 1991 to Three Million Eight Hundred Twenty-seven Thousand Three Hundred Twenty-eight Dollars (\$3,827,328) in 1996, an average of three and four-tenths percent (3.4%) per year. However, sixteen (16) of the twenty-three (23) (seventy percent (70%)) parcels experienced changes in E A V the same as or below the citywide average, ranging from negative two and six-tenths percent (-2.6%) to one and eight-tenths percent (1.8%) per year for that same period. One (1) parcel on the Select-Canfield site, 25-03-115-020, which has the largest E A V (One Million Four Hundred Twenty-four Thousand Twelve Dollars (\$1,424,012)) (in 1996 and was the most active economically, actually increased by six and eight-tenths percent (6.8%) per year. This parcel, however, has seen a significant decrease in economic activity over the last year to eighteen (18) months which is not reflected in the 1996 E A V, it is expected that the E A V of the Study Area will continue to decrease given the plans to vacate the site. Excluding this particular parcel from the five (5) year comparison yields an overall per year increase of one and eight-tenths percent (1.8%) for the Study Area, the same as the citywide average. In addition, from 1995 to 1996, the Study Area experienced an overall E A V decrease of two and twenty-five hundredths percent (2.25%), from Three Million Nine Hundred Fifteen Thousand Two Hundred and Fifty-eight Dollars (\$3,915,258) in 1995 to Three Million Eight Hundred Twenty-seven Thousand Three Hundred Twenty-eight Dollars (\$3,827,328) in 1996. In contrast, the overall increase for commercial and industrial property in the City for that same period was eight-tenths percent (.8%), from Fifteen Billion Six Hundred Sixty-six Million Three Hundred Seventy-three Thousand Dollars (\$15,666,373,000) in 1995 to Fifteen Billion Seven Hundred Ninety Million Five Hundred Sixty Thousand Dollars (\$15,790,560,000) in 1996.

The conclusions presented in this report are those of the consulting team. The local governing body should review this report and, if satisfied with the summary

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of findings contained herein, adopt a resolution making a finding of a Conservation Area and making this report a part of the public record. The analysis above was based upon data assembled by Louik/Schneider & Associates, Inc. The surveys, research and analysis conducted include

- 1 exterior surveys of the conditions and use of the Study Area,
- 2 field surveys of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls and general property maintenance,
- 3 comparison of current land uses to current zoning ordinance and the current zoning maps,
- 4 historical analysis of site uses and users,
- 5 analysis of original and current platting and building size layout,
- 6 review of previously prepared plans, studies and data,
- 7 analysis of building permits and building code violations requested from the Department of Buildings for all structures in the Study Area from 1991 -- 1997, and
- 8 evaluation of the E A V s in the Study Area from 1991 to 1996

The study and survey of the Study Area indicate that the requirements necessary for designation as a Conservation Area are present

Therefore, the Study Area is qualified as Conservation Area to be designated as a redevelopment project area and eligible for Tax Increment Financing under the Act. See (Sub)Exhibit 3 -- Distribution of Criteria Matrix

[(Sub)Exhibit 1 to this 89th and State Eligibility Study constitutes Exhibit "C" to the ordinance and is printed on page 64530 of this Journal]

[[Sub)Exhibit 2 referred to in this 89th and State Eligibility Study constitutes (Sub)Exhibit 2 to the 89th and State Redevelopment Plan and is printed on pages 64483 through 64484 of this Journal]

[[Sub)Exhibits 3 and 4 (Maps 1 through 11) referred to in this 89th and State Eligibility Study printed on pages 64513 through 64524 of this Journal

Exhibit "B"
(To Ordinance)

State of Illinois)
)SS
County of Cook)

Certificate

I, Shirley Wheeler, the duly authorized, qualified and Assistant Secretary of the Community Development Commission of the City of Chicago, and the custodian of the records thereof, do hereby certify that I have compared the attached copy of a resolution adopted by the Community Development Commission of the City of Chicago at a regular meeting held on the tenth (10th) day of February, 1998, with the original resolution adopted at said meeting and recorded in the minutes of the Commission, and do hereby certify that said copy is a true, correct and complete transcript of said resolution

(Continued on page 65525)

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(Sub)Exhibit 3
 (To 89th And State Eligibility Study)

Distribution Of Criteria Matrix

PIN	A	1	2	3	4	5	6	7	8	9	10	11	12	13	14
25-03-5003	x		x	x											x
008	x	x	x	x				x					x	x	
011				x				p							x
012				x				p							x
013				x											x
014				x											x
018			x	x									x	x	
019	x		x	x				x					x	x	
020			x	x				p					x	x	
021	x		x	x									x	x	
030	x		x	x									x	x	
031			x	x				x					x	x	
032	x		x	x				x					x	x	
033	x		x	x				x					x	x	
034	x		x	x				x					x	x	
038	x		x	x		x						x	x	x	
046															x
047	x			x											x
048			x	x									x	x	
049				x											x
25-03-501-001			x	x				x					x	x	
25-03-500-001															
25-03-501-002															

- Key**
 X Present to a Major Extent p Present
- Criteria**
- | | |
|---|--|
| A AGE | 9 OVERCROWDING |
| 1 DILAPIDATION | 9 LACK OF VENTILATION LIGHT OR SANITARY FACILITIES |
| 2 OBSOLESCENCE | 10 INADEQUATE UTILITIES |
| 3 DETERIORATION | 11 EXCESSIVE LAND COVERAGE |
| 4 ILLEGAL USE OF INDIVIDUAL STRUCTURES | 12 DELETERIOUS LAND USE OR LAYOUT |
| 5 PRESENCE OF STRUCTURES BELOW MINIMUM CODE | |
| 6 ABANDONMENT | 3 DEPRECIATION OF PHYSICAL MAINTENANCE |
| 7 EXCESSIVE VACANCIES | 4 LACK OF COMMUNITY PLANNING |

(Continued from page 64512)

Dated this eighteenth (18th) day of February, 1998

(Signed) Shirley Wheeler
Assistant Secretary

Resolution 98-CDC-6 referred to in this Certificate reads as follows

Community Development Commission

Of The

City Of Chicago

Resolution 98-CDC-6

Recommending To The City Council Of

The City Of Chicago

For The Proposed

89th And State

Redevelopment Project Area

Approval Of

A Redevelopment Plan,

Designation Of A

Redevelopment Project Area

And

Adoption Of Tax Increment Allocation Financing

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Whereas, The Community Development Commission (the "Commission") of the City of Chicago (the "City") has heretofore been appointed by the Mayor of the City with the approval of its City Council ("City Council", referred to herein collectively with the Mayor as the "Corporate Authorities") (as codified in Section 2-124 of the City's Municipal Code) pursuant to Section 5/11-74 4-4(k) of the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74 4-1, et seq) (1993) (the "Act"), and

Whereas, The Commission is empowered by the Corporate Authorities to exercise certain powers enumerated in Section 5/11-74 4-4(k) of the Act, including the holding of certain public hearings required by the Act, and

Whereas, Staff of the City's Department of Planning and Development has conducted or caused to be conducted certain investigations, studies and surveys of the 89th & State area, the street boundaries of which are described on (Sub)Exhibit A hereto (the "Area"), to determine the eligibility of the Area as a redevelopment project area as defined in the Act (a "Redevelopment Project Area") and for tax increment allocation financing pursuant to the Act ("Tax Increment Allocation Financing"), and previously has presented to the Commission for its review the 89th & State Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project (the "Plan") (which has as an exhibit the 89th & State Tax Increment Finance Program Eligibility Study (the "Report")), and

Whereas, Prior to the adoption by the Corporate Authorities of ordinances approving a redevelopment plan, designating an area as a Redevelopment Project Area or adopting Tax Increment Allocation Financing for an area, it is necessary that the Commission hold a public hearing (the "Hearing") pursuant to Section 5/11-74 4-5(a) of the Act, convene a meeting of a joint review board (the "Board") pursuant to Section 5/11-74 4-5(b) of the Act, set the dates of such Hearing and Board meeting and give notice thereof pursuant to Section 5/11-74 4-6 of the Act, and

Whereas, The Plan (with the Report attached thereto) was made available for public inspection and review prior to the adoption by the Commission of Resolution 97-CDC-111 on December 9, 1997 fixing the time and place for the Hearing, at City Hall, 121 North LaSalle Street, Chicago, Illinois, in the following offices City Clerk, Room 107 and Department of Planning and Development, Room 1000, and

Whereas, Notice of the Hearing by publication was given at least twice, the first publication being on January 29, 1998, a date which is not more than thirty (30) nor less than ten (10) days prior to the Hearing, and the second publication

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being on January 30, 1998, both in the *Chicago Sun-Times*, being a newspaper of general circulation within the taxing districts having property in the Area, and

Whereas, Notice of the Hearing was given by mail to taxpayers by depositing such notice in the United States mail by certified mail addressed to the persons in whose names the general taxes for the last preceding year were paid on each lot, block, tract or parcel of land lying within the Area, on January 27, 1998 being a date not less than ten (10) days prior to the date set for the Hearing and where taxes for the last preceding year were not paid, notice was also mailed to the persons last listed on the tax rolls as the owners of such property within the preceding three (3) years, and

Whereas, Notice of the Hearing was given by mail to the Illinois Department of Commerce and Community Affairs ("D C C A ") and members of the Board (including notice of the convening of the Board), by depositing such notice in the United States mail by certified mail addressed to D C C A and all Board members, on December 12, 1997, being a date not less than forty-five (45) days prior to the date set for the Hearing, and

Whereas, Notice of the Hearing and copies of the Plan (with the Report attached thereto) were sent by mail to taxing districts having taxable property in the Area by depositing such notice and documents in the United States mail by certified mail addressed to all taxing districts having taxable property within the Area, on December 12, 1997, being a date not less than forty-five (45) days prior to the date set for the Hearing, and

Whereas, The Hearing was held on February 10, 1998 at 2 00 P M at City Hall City Council Chambers, 121 North LaSalle Street, Chicago, Illinois, as the official public hearing, and testimony was heard from all interested persons or representatives of any affected taxing district present at the Hearing and wishing to testify, concerning the Commission's recommendation to City Council regarding approval of the Plan, designation of the Area as a Redevelopment Project Area and adoption of Tax Increment Allocation Financing within the Area, and

Whereas, The Board meeting was convened on December 19, 1997 at 10 00 A M (being a date no more than fourteen (14) days following the mailing of the notice to all taxing districts on December 12, 1997) in Room 1003A, City Hall, 121 North LaSalle Street, Chicago, Illinois, to consider its advisory recommendation regarding the approval of the Plan, designation of the Area as a Redevelopment Project Area and adoption of Tax Increment Allocation Financing within the Area, and

Whereas, The Commission has reviewed the Plan (with the Report attached

30417212

thereto), considered testimony from the Hearing, if any, the recommendation of the Board, if any, and such other matters or studies as the Commission deemed necessary or appropriate in making the findings set forth herein and formulating its decision whether to recommend to City Council approval of the Plan, designation of the Area as a Redevelopment Project Area and adoption of Tax Increment Allocation Financing within the Area, now, therefore,

Be It Resolved by the Community Development Commission of the City of Chicago

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

Section 2. The Commission hereby makes the following findings pursuant to Section 5/11-74 4-3(n) of the Act or such other section as is referenced herein

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

b the Plan

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

(ii) the Plan either (A) conforms to the strategic economic development or redevelopment plan issued by the Chicago Plan Commission or (B) includes land uses that have been approved by the Chicago Plan Commission,

c the Plan meets all of the requirements of a redevelopment plan as defined in the Act and, as set forth in the Plan, the estimated date of completion of the projects described therein and retirement of all obligations issued to finance redevelopment project costs is not more than twenty-three (23) years from the date of the adoption of the ordinance approving the designation of the Area as a redevelopment project area, and, as required pursuant to Section 5/11-74 4-7 of the Act, no such obligation shall have a maturity date greater than twenty (20) years,

d the Area would not reasonably be expected to be developed without the use of incremental revenues pursuant to the Act, and such incremental revenues will be exclusively utilized for the development of the Area,

e the Area includes only those contiguous parcels of real property and

improvements thereon that are to be substantially benefited by proposed Plan improvements, as required pursuant to Section 5/11-74 4-4(a) of the Act and

f as required pursuant to Section 5/11-74 4-3(p) of the Act

(i) the Area is not less, in the aggregate, than one and one-half (1 1/2) acres in size, and

(ii) conditions exist in the Area that cause the Area to qualify for designation as a redevelopment project area and a blighted area as defined in the Act

Section 3 The Commission recommends that the City Council approve the Plan pursuant to Section 5/11-74 4-4 of the Act

Section 4 The Commission recommends that the City Council designate the Area as a Redevelopment Project Area pursuant to Section 5/11-74 4-4 of the Act

Section 5 The Commission recommends that the City Council adopt Tax Increment Allocation Financing within the Area

Section 6 If any provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this resolution

Section 7 All resolutions, motions or orders in conflict with this resolution are hereby repealed to the extent of such conflict

Section 8 This resolution shall be effective as of the date of its adoption

Section 9 A certified copy of this resolution shall be transmitted to the City Council

Adopted February 10, 1998

[(Sub)Exhibit "A" to this Resolution 98-CDC-6
constitutes Exhibit "D" to the ordinance
and is printed on page 64531
of this Journal]

30447219

Exhibit "C"
(To Ordinance)

Legal Description Of The Area

That part of the northeast quarter of Section 4 together with part of the northwest quarter of Section 3, all in Township 37 North, Range 14 East of the Third Principal Meridian, described as follows

beginning at the point of intersection of the southerly line of the Chicago, Rock Island & Pacific Railroad with the west line of South State Street, said west line being a line drawn 33 feet west of and parallel with the west line of the northwest quarter of said Section 3, thence north 00 degrees, 02 minutes, 43 seconds west along said west line of South State Street, 1,058 51 feet to the point of intersection with the north line of East 89th Street, said north line being a line drawn 33 feet north of and parallel with the north line of the southwest quarter of the northwest quarter of said Section 3, thence north 89 degrees, 58 minutes, 00 seconds east along said north line of East 89th Street, 1,405 60 feet to the point of intersection with the east line of South Indiana Avenue, said east line being a line drawn 50 feet east of and parallel with the east line of the southwest quarter of the northwest quarter of said Section 3, thence south 00 degrees east along said east line of South Indiana Avenue, 1,352 86 feet to the point of intersection with the aforementioned southerly line of the Chicago, Rock Island & Pacific Railroad, thence westerly along said southerly line of the Chicago, Rock Island & Pacific Railroad, 1,438 95 feet, said southerly line being the arc of a circle convex northerly, having a radius of 5,680 feet and whose chord bears north 78 degrees, 11 minutes, 50 seconds west, 1,435 10 feet to the point of beginning, in Cook County, Illinois

Containing 37 892 acres more or less

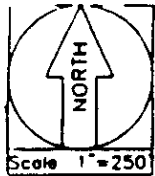
Exhibit "D".
(To Ordinance)

Street Boundary Description Of The Area

The street boundary description for the 89th and State Area is an area generally bounded by East 89th Street on the north, South Indiana Avenue on the east, the Chicago Rock Island & Pacific Railroad right-of-way on the south, and the northbound side of South State Street along the Dan Ryan Expressway (I-90/94) on the west

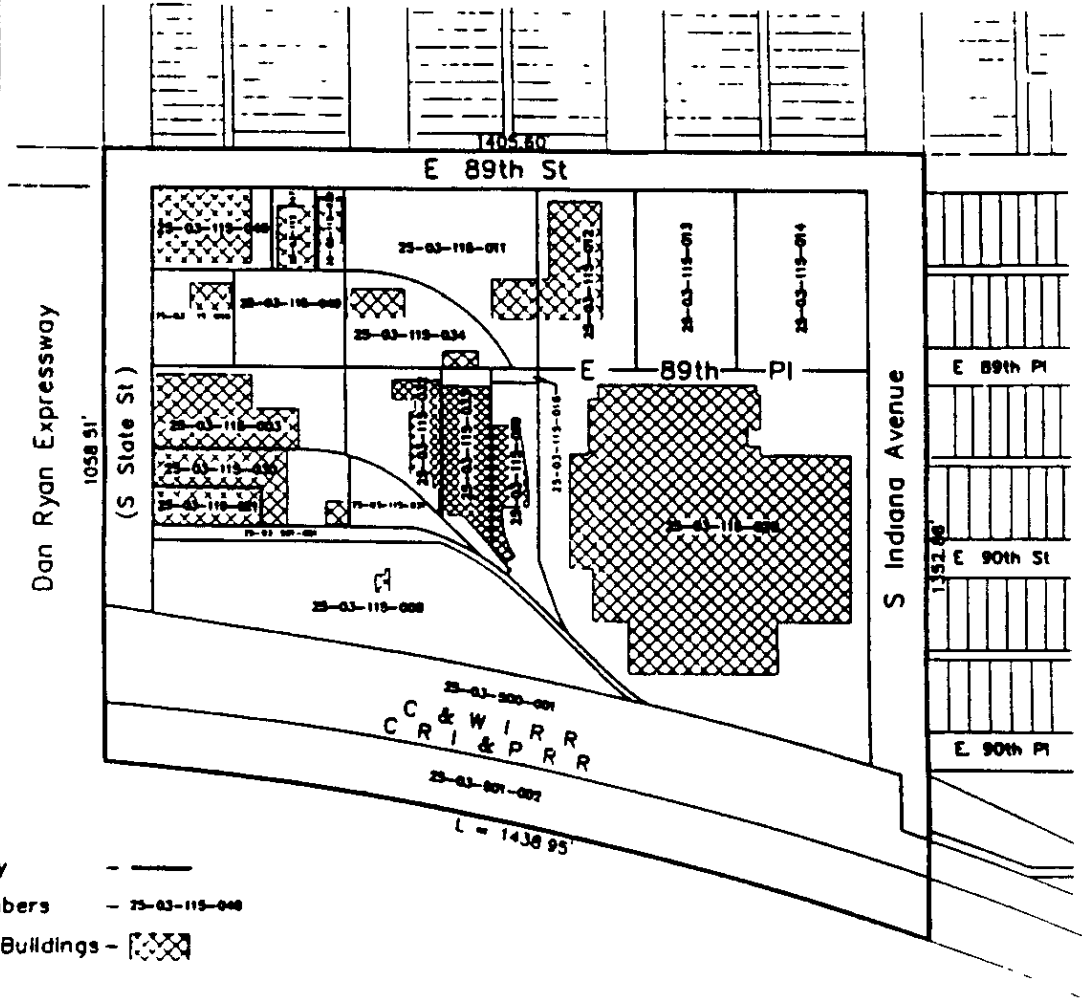
Exhibit "E"
(To Ordinance)

Project Boundary



REDEVELOPMENT PLAN
MAP 1
PROJECT BOUNDARY

6-11-98 ✓ - 143695 Exhibit E



- Legend**
- Boundary - - - - -
 - PIN Numbers - 25-03-115-000
 - Existing Buildings - [Grid Pattern]

Gremley & Biedermann, Inc
(773) 685-3102
971543

Louik / Scherer & Associates, Inc

City of Chicago
7-9-97

61244408

STATE OF ILLINOIS, }
County of Cook } 88

I, JAMES J. LASKI, City Clerk of the City of Chicago in the County of Cook and State of Illinois, DO HEREBY CERTIFY that the annexed and foregoing is a true and correct copy of that certain ordinance now on file in my office concerning the authority to approve a Tax Increment Redevelopment Plan for the 89th and State Redevelopment Project Area.

I DO FURTHER CERTIFY that the said ordinance was passed by the City Council of the said City of Chicago on the first (1st) day of April A D 1998 and deposited in my office on the first (1st) day of April A D 1998.

I DO FURTHER CERTIFY that the vote on the question of the passage of the said ordinance by the said City Council was taken by yeas and nays and recorded in the Journal of the Proceedings of the said City Council, and that the result of said vote so taken was as follows, to wit: Yeas 47, Nays None

I DO FURTHER CERTIFY that the said ordinance was delivered to the Mayor of the said City of Chicago after the passage thereof by the said City Council, without delay, by the City Clerk of the said City of Chicago, and that the said Mayor did approve and sign the said ordinance on the first (1st) day of April A.D. 1998

I DO FURTHER CERTIFY that the original, of which the foregoing is a true copy, is entrusted to my care for safe keeping, and that I am the lawful keeper of the same

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the City of Chicago aforesaid, at the said City, in the County and State aforesaid, this twenty-third (23rd) day of October A.D. 19 98

[L. S]

James J. Laski
JAMES J. LASKI, City Clerk.

30447219

G

CHATHAM CLUB, L.L.C.

Redevelopment Agreement
dated as of April 2, 2003

EXHIBIT G

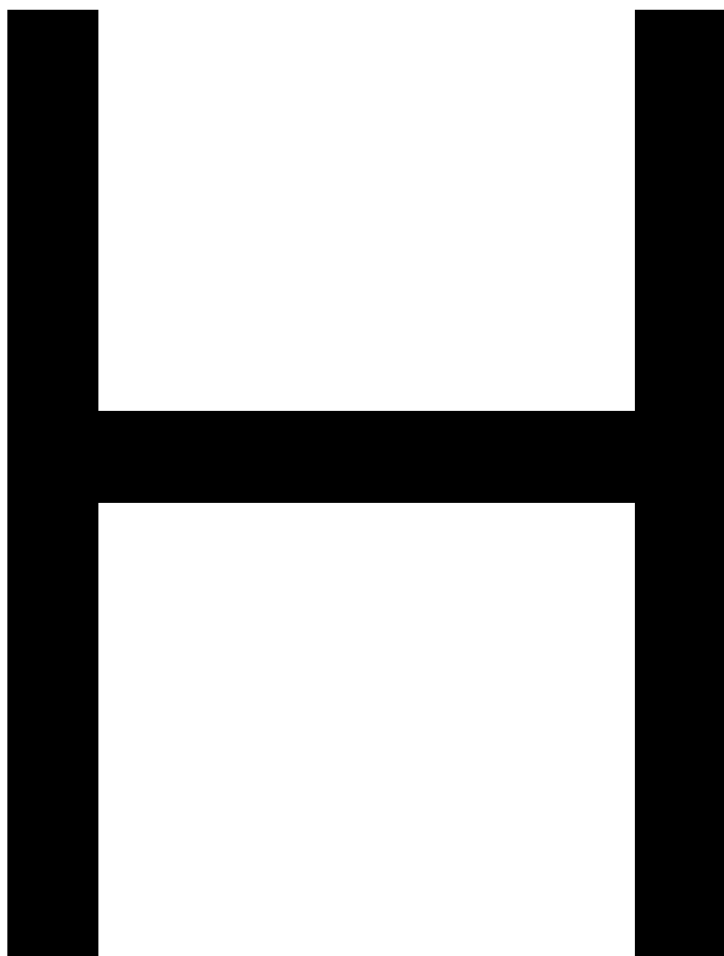
PERMITTED LIENS

1 Liens or encumbrances against the Property

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

2 Liens or encumbrances against the Developer or the Project, other than liens against the Property, if any.

NONE



CHATHAM CLUB, L.L.C.

Redevelopment Agreement
dated as of April 2, 2003

EXHIBIT H

PROJECT BUDGET

The Project Budget is attached to this exhibit sheet.

30447219

EXHIBIT H			
BUDGET			
Acquisition			3000000
Site Improvements			
Demolition			500000
Environmental Remediation			900000
Public Improvements			1700000
Building Construction			
Construction			18676000
Upgrades			950625
Contingency			200000
Loan Fee			123000
Legal			100000
Marketing			500000
Appraisal/Permits			224500
Title/Survey			25000
Real Estate Tax Insurance			100000
Architect			200000
Contingency			300000
Construction Supervision (5%)			981331
Construction Supervision (Site 5%)			85000
Engineer			100000
Commissions (5%)			1501875
Construction Interest			686396
Developer Fee			2783773
		TOTAL:	33637500

30447219

CHATHAM CLUB, L.L.C.

Redevelopment Agreement
dated as of April 2, 2003

EXHIBIT H-1

CONSTRUCTION BUDGET

The Construction Budget is attached to this exhibit sheet

Exhibit H - 1

Construction Budget

Site Work / Preparation	\$1,700,000
Demolition	\$500,000
Construction, Upgrades	\$18,676,000
	\$950,625

	\$21,826,625

30447219

K

CHATHAM CLUB, L.L.C.

Redevelopment Agreement
dated as of April 2, 2003

EXHIBIT K

PRELIMINARY TIF PROJECTION -- REAL ESTATE TAXES

30447219

Exhibit K

\$2,294,383 = base EAV Taxes paid based on 1 5% annual inflation, captured

Estimate of Incremental Taxes - Chatham Club Development - March 10, 2003

Year Collected	Taxes Paid	Tax rate	Base Taxes	Incremental Taxes
2002	\$437,369	0 07692	(\$176,484)	\$260,885
2003	\$437,369	0 07692	(\$176,484)	\$260,885
2004	\$457,348	0 07692	(\$176,484)	\$280,864
2005	\$457,348	0 07692	(\$176,484)	\$280,864
2006	\$457,348	0 07692	(\$176,484)	\$280,864
2007	\$478,240	0 07692	(\$176,484)	\$301,756
2008	\$478,240	0 07692	(\$176,484)	\$301,756
2009	\$478,240	0 07692	(\$176,484)	\$301,756
2010	\$500,086	0 07692	(\$176,484)	\$323,602
2011	\$500,086	0 07692	(\$176,484)	\$323,602
2012	\$500,086	0 07692	(\$176,484)	\$323,602
2013	\$522,930	0 07692	(\$176,484)	\$346,446
2014	\$522,930	0 07692	(\$176,484)	\$346,446
2015	\$522,930	0 07692	(\$176,484)	\$346,446
2016	\$546,817	0 07692	(\$176,484)	\$370,334
2017	\$546,817	0 07692	(\$176,484)	\$370,333
2018	\$546,817	0 07692	(\$176,484)	\$370,333
2019	\$571,796	0 07692	(\$176,484)	\$395,312
2020	\$571,796	0 07692	(\$176,484)	\$395,312
2021	\$571,796	0 07692	(\$176,484)	\$395,312
2022	\$597,916	0 07692	(\$176,484)	\$421,432

30447219

EDS

CITY OF CHICAGO

**ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT****(Economic Development/Housing Transactions)**

Pursuant to Chapter 2-154 of the Municipal Code of Chicago (the "Municipal Code"), the following information is required to be disclosed prior to any City agency, department or City Council action. Please fully complete each statement, with all information current as of the attestation date. Every question must be answered. If a question is not applicable, answer with "N A " *An incomplete EDS shall be returned and any City action shall be interrupted*

Please print or type all responses clearly and legibly. If you need additional space for a response, attach extra pages. Please indicate the question to which you are responding on any extra pages you attach.

Please note that this Economic Disclosure Statement and Affidavit (the "EDS") requires you to obtain various certifications from certain other parties before they may perform any work in connection with the project. The terms of the required certifications are set forth below in Sections V, VII, VIII, IX and X.

WHO MUST FILE:

- 1 The Applicant: Any individual or entity (the "Applicant") making an application to the City of Chicago (the "City") for action requiring City Council or other City agency approval must file this EDS. For example, with respect to a City loan or grant, the individual or entity applying for the loan or grant is the "Applicant."
- 2 Entities holding an interest in the Applicant Whenever an ownership interest in the Applicant (such as shares of stock of the Applicant or a limited partnership interest in the Applicant, for example) is held or owned by a legal entity (such as a corporation or partnership, for example) rather than an individual, each such legal entity must also file an EDS on its own behalf. If the Applicant is a not-for-profit corporation with members who elect the board of directors, those members who are legal entities and not individuals must also file EDS's on their own behalf. (Individuals who have ownership interests in the Applicant or who are members of a not-for-profit Applicant are not required to file an EDS on their own behalf.) However, if the Applicant is a corporation whose shares are registered on a national securities exchange pursuant to the Securities Exchange Act of 1934, only legal entities that own 10 percent or more of the Applicant's stock must file EDS's on their own behalf. A legal entity that holds an ownership interest in the Applicant and that is required to file an EDS on its own behalf shall be referred to hereinafter as a "First-Tier Related Entity."

3. Entities holding direct or indirect interest in a First-Tier Related Entity The same rules described in (2) above also apply to owners of First-Tier Related Entities, owners of such owners, and so on

The individual or legal entity completing this EDS shall be referred to as the "undersigned" throughout this EDS. If the party completing this EDS is not an individual but is a legal entity (such as, for example, a corporation or partnership), the person signing this EDS on behalf of such party shall be referred to as the "signatory of the undersigned."

ACKNOWLEDGMENT OF POSSIBLE CREDIT AND OTHER CHECKS: By completing and filing this EDS, the undersigned acknowledges and agrees, on behalf of itself and the individuals named in this EDS, that the City may investigate the creditworthiness of some or all of the individuals named in this EDS

INFORMATION TO BE KEPT CURRENT: All disclosures must be current as of the date upon which the application is presented to the City Council or other City agency, and shall be maintained current until such time as the City Council or City agency shall take action on the application. This requires (i) the submission of this EDS at the time the initial application is made; and (ii) a recertification of this EDS (a) at the time the related ordinance, if any, is submitted to the City Council if such submission is more than 60 days following the original execution of this EDS; and (b) upon the closing of the related transaction.

RE-CERTIFYING THIS EDS Execute the certification on the date of the initial submission of this EDS. You may be asked to re-execute this EDS on the last page as of the date of submission of any related ordinance to the City Council, or as of the date of the closing of your transaction

I. GENERAL INFORMATION

- A Exact legal name of undersigned _____
Chatham Woods Corporation
- B Business address. 980 N. Michigan Avenue, Suite 1280
Chicago, Illinois 60611
- C Telephone (312) 642-7642
- D Fax. (312) 642-7643
- E Name of contact person B. J. Spathies

F. City agency receiving this EDS: _____

G. Type of action requested. Application for

Designation as TIF District

H Project location: 89th and Indiana

I Brief project description: Residential development

consisting of 143 single family homes.

J. Description and purpose of requested City assistance _____

TIF for environmental remediation, demolition and

public improvements.

II. DISCLOSURE OF OWNERSHIP INTERESTS

A. GENERAL INFORMATION

1 Indicate whether the undersigned is an individual or legal entity and, if a legal entity, indicate the type of entity below.

- Individual
- Business corporation
- Not-for-profit corporation
- General partnership
- Limited partnership
- Limited liability company
- Joint venture
- Sole proprietorship
- Other entity (please specify) _____

2. State of incorporation or organization, if applicable

~~Illinois~~ _____

3. For corporations, limited partnerships and limited liability companies not organized in the State of Illinois: Is the organization authorized to do business in the State of Illinois as a foreign entity?

Yes No

B ORGANIZATION INFORMATION

1. FOR CORPORATIONS

a List below the names and titles of the executive officers and directors of the corporation

Name	Title
<u>B.J. Spathies</u>	<u>President, Secretary and Treasurer</u>

<u>Anne B. Cotter</u>	<u>Vice President</u>
-----------------------	-----------------------

b For business corporations with 100 or more shareholders, list below the name, business address and percentage of ownership interest of each shareholder owning shares equal to or in excess of 7.5 percent of the total issued and outstanding shares

Name	Business Address	Percentage Interest
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

c For business corporations with fewer than 100 shareholders, list below the name, business address and percentage of ownership interest of each shareholder

Name	Business Address	Percentage Interest
B. J. Spathies	980 N. Michigan Avenue	100%
	Suite 1280	
	Chicago, Illinois	60611

d. For not-for-profit corporations, list below the name, business address and percentage of control of each member. If there are no members, write "no members "

Name	Business Address	Percentage Control

2 FOR PARTNERSHIPS.

For general or limited partnerships: list below the name, business address and percentage of ownership interest of each partner. For limited partnerships, indicate whether each partner is a general partner or a limited partner

Name	Business Address	Percentage Interest

3 FOR LIMITED LIABILITY COMPANIES:

- a List below the names and titles of the executive officers, if any, of the limited liability company. If there are no officers, write "no officers."

Name	Title
_____	_____
_____	_____
_____	_____
_____	_____

- b. List below the name, business address and percentage of ownership interest of each (i) member and (ii) manager. If there are no managers, write "no managers."

Name	Business Address	Percentage Interest
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

4 FOR LAND TRUSTS, BUSINESS TRUSTS OR ESTATES

- a List below the name of each individual or legal entity holding legal title to the property that is the subject of the trust:

- b. List below the name, business address and percentage of beneficial interest of each beneficiary on whose behalf title is held:

Name	Business Address	Percentage Interest
------	------------------	---------------------

5. OTHER OWNERSHIP INTERESTS

- a. Is any ownership interest in the undersigned, as described in (1)(b)-(d), (2), 3(b) or (4)(b) above, held by one or more agents or one or more nominees on behalf of another individual or legal entity?

Yes No

If so, list below the name, business address and percentage of ownership interest of each principal (whether an individual or legal entity) for whom such agent(s) or nominee(s) are holding their ownership interest(s) in the undersigned, and identify each principal's agent or nominee.

Principal's

Name	Address	Percentage Interest	Agent/Nominee
------	---------	---------------------	---------------

b. Is any ownership interest in the undersigned, as described in (1)(b)-(d), (2), 3(b) or (4)(b) above, constructively controlled (other than through an agent or nominee) by another individual or legal entity?

Yes No

If so, list below (i) the name of each individual or legal entity whose ownership interest is constructively controlled, (ii) the name, business address and percentage of ownership interest of each individual or legal entity possessing such control, and (iii) the means by which such control is or may be exercised.

III. OTHER PROJECT INFORMATION

A List below the name and business address of each individual or legal entity currently holding legal title to the property for which City assistance is being requested (the "Property")

~~Select-Canfield, Inc., an Illinois corporation formerly~~
~~known as A.J. Canfield Co., a corporation of Illinois~~

B. If title to the Property is held in a land trust, list below the name, business address and percentage of interest of each beneficiary. If all of this information has already been provided in Section II above, indicate that below and do not repeat it here:

C Real estate tax index number(s) for the Property

25-03-115-008, -011, -012, -013, -014, -018, -019, -020,
-034, and 25-03-501-001

D. Have all water charges, sewer charges, property taxes and sales taxes, due and payable on or prior to the date hereof and concerning the Property, been paid as of the date of this EDS?

Yes No

If no, describe below the kind and dollar amount of such charges or taxes and indicate by what date full payment shall be made. Failure to make full payment may halt any requested City action

IV. ADDITIONAL INFORMATION

Has the undersigned or any member, partner, beneficiary or owner of the undersigned

A ever been a defendant in any civil or criminal suits or legal actions?

Yes No

B. ever had any debts discharged, satisfied or settled under the Bankruptcy Act?

Yes No

C. ever had a judgment entered against him/her/it?

Yes No

D. ever been a party to a foreclosure, a deed in lieu of foreclosure, a loan default or loan "workout" situation?

Yes No

NOTE: If the answer to any of the above questions is "yes," attach a separate schedule explaining the circumstances, parties involved and resolution or status. A specific description must be provided for each case

V. CERTIFICATION OF ENVIRONMENTAL COMPLIANCE

A Neither the undersigned nor any "Affiliated Entity" (as defined below) of the undersigned has, during a period of five years prior to the date hereof:

- (1) violated or engaged in any conduct which violated Sections 7-28-440 or 11-4-1500 or Article XIV of Chapter 11-4 or Chapters 7-28 or 11-4 of the Municipal Code or any other "Environmental Restriction" (as defined below),
- (2) received notice of any claim, demand or action, including but not limited to citations and warrants, from the City, the State of Illinois, the federal government, any state or political subdivision thereof, or any agency, court or body of the federal government or any state or political subdivision thereof, exercising executive, legislative, judicial, regulatory or administrative functions, relating to a violation or alleged violation of Sections 7-28-440 or 11-4-1500 or Article XIV of Chapter 11-4 or Chapters 7-28 or 11-4 of the Municipal Code or any other Environmental Restriction; or
- (3) been subject to any fine or penalty of any nature for failure to comply with Sections 7-28-440 or 11-4-1500 or Article XIV of Chapter 11-4 or Chapters 7-28 or 11-4 of the Municipal Code or any other Environmental Restriction

B. If the undersigned is unable to certify to any of the above statements in this Section V, the undersigned shall identify all exceptions and indicate whether any such exceptions occurred within the City or otherwise pertain to the City:

[If no explanation appears or begins on the lines above, it shall be conclusively presumed that the undersigned certifies to each of the above statements]

C The undersigned covenants and agrees that the undersigned shall

- (1) prior to completion of the project to which this EDS pertains (the "Project"), not violate any provision of Sections 7-28-440 or 11-4-1500 or Article XIV of Chapter 11-4 or Chapters 7-28 or 11-4 of the Municipal Code or any other Environmental Restriction,

- (2) not use any facility on the United States Environmental Protection Agency's List of Violating Facilities (the "List") in connection with the Project for the duration of time that the facility remains on the List, and
- (3) immediately notify any federal agency which is awarding funds in connection with the Project if a facility that the undersigned intends to use is on the List or if the undersigned knows that any such facility has been recommended to be placed on the List

D The undersigned has obtained certifications in form and substance equal to Section V(A)-(B) of this EDS from all contractors or subcontractors that the undersigned presently intends to use in connection with the Project. As to contractors or subcontractors to be used in connection with the Project who are not yet known to the undersigned, the undersigned shall obtain certifications in form and substance equal to Section V(A)-(B) of this EDS from all such parties prior to using them in connection with the Project.

E. The undersigned shall not, without the prior written consent of the City, use any contractor or subcontractor in connection with the Project if the undersigned, based on information contained in such party's certification or any other information known or obtained by the undersigned, has reason to believe that such contractor or subcontractor has, within the preceding five years, been in violation of any Environmental Restriction, received notice of any claim relating to a violation of an Environmental Restriction, or been subject to any fine or penalty for a violation of an Environmental Restriction.

F. Further, the undersigned shall not, without the prior written consent of the City, use as a contractor or subcontractor in connection with the Project any person or entity from which the undersigned is unable to obtain certifications in form and substance equal to Section V(A)-(B) of this EDS or which the undersigned has reason to believe cannot provide truthful certifications

G The undersigned shall maintain for the duration of the requested City assistance all certifications of all contractors and subcontractors required by Section V(D) above, and shall make such certifications promptly available to the City upon request

H Definitions

- (1) Entities are "affiliated" if, directly or indirectly, one controls or has the power to control the other, or if a third person controls or has the power to control both entities. Indicia of control include without limitation interlocking management or ownership identity of interests among family members, shared facilities and equipment, common use of employees, or organization of another business entity using substantially the same management, ownership or principals as the first entity

- (2) "Environmental Restriction" means any statute, ordinance, rule, regulation, permit, permit condition, order or directive relating to or imposing liability or standards of conduct concerning the release or threatened release of hazardous materials, special wastes or other contaminants into the environment, and to the generation, use, storage, transportation or disposal of construction debris, bulk waste, refuse, garbage, solid wastes, hazardous materials, special wastes or other contaminants, including but not limited to: (a) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 *et seq.*), (b) the Hazardous Materials Transportation Act (49 U.S.C. § 1801 *et seq.*), (c) the Resource Conservation and Recovery Act of 1976 (42 U.S.C. § 6901 *et seq.*), (d) the Clean Water Act (33 U.S.C. § 1251 *et seq.*), (e) the Clean Air Act (42 U.S.C. § 7401 *et seq.*), (f) the Toxic Substances Control Act of 1976 (15 U.S.C. § 2601 *et seq.*), (g) the Safe Drinking Water Act (42 U.S.C. § 300f *et seq.*), (h) the Occupational Health and Safety Act of 1970 (29 U.S.C. § 651 *et seq.*), (i) the Emergency Planning and Community Right to Know Act (42 U.S.C. § 11001 *et seq.*), and (j) the Illinois Environmental Protection Act (415 ILCS 5/1 through 5/56 6).

VI. CHILD SUPPORT OBLIGATIONS

For purposes of this Section VI, "Substantial Owner" means any individual who owns or holds a 10 percent or more "Percentage of Interest" (as defined below) in the undersigned. If the undersigned is an individual or sole proprietorship, the "Substantial Owner" means that individual or sole proprietor. "Percentage of Interest" includes direct, indirect and beneficial interests in the undersigned. "Indirect or beneficial interest" means that an interest in the undersigned is held by a corporation, joint venture, trust, partnership, association, estate or other legal entity, in which the individual holds an interest, or by agent(s) or nominee(s) on behalf of an individual or entity. For example, if Corporation B owns a 20 percent interest in the undersigned, and an individual has a 50 percent percentage of interest in Corporation B, then such individual indirectly has a 10 percent percentage of interest in the undersigned and is a Substantial Owner. If Corporation B is held by another entity, then this analysis similarly must be applied to that next entity (and so forth to any additional levels of ownership) to determine whether any individuals indirectly hold a 10 percent or more interest in the undersigned.

If the undersigned's response below is (A) or (B), then all of the undersigned's Substantial Owners must remain in compliance with any such child support obligations (i) throughout the term of the requested City assistance to which this EDS pertains, or (ii) until completion of the undersigned's obligations to the City in connection with the Project, whichever is later. Failure of the undersigned's Substantial Owners to remain in compliance with their child support obligations in the manner set forth in either (A) or (B) below constitutes an event of default.

Check one:

- A. No Substantial Owner has been declared in arrearage on any child support obligations by the Circuit Court of Cook County or by another Illinois court of competent jurisdiction
- B. The Circuit Court of Cook County or another Illinois court of competent jurisdiction has issued an order declaring one or more Substantial Owners in arrearage on their child support obligations. All such Substantial Owners, however, have entered into court-approved agreements for the payment of all such child support owed, and all such Substantial Owners are in compliance with such agreements
- C. The Circuit Court of Cook County or another Illinois court of competent jurisdiction has issued an order declaring one or more Substantial Owners in arrearage on their child support obligations and: (i) at least one such Substantial Owner has not entered into a court-approved agreement for the payment of all such child support owed, or (ii) at least one such Substantial Owner is not in compliance with a court-approved agreement for the payment of all such child support owed, or both (i) and (ii)
- D. There are no Substantial Owners.

VII. CERTIFICATION

The signatory of the undersigned, being first duly sworn, on oath hereby certifies, deposes and says, under penalty of perjury, as follows

- A. The signatory is authorized to execute this EDS on behalf of the undersigned; the information disclosed herein is true and complete to the best of his/her knowledge, no disclosures as to economic interest in the Project have been withheld, and no information has been reserved as to the intended use or purpose for which the undersigned (or a related entity) seeks action by the City Council or pertinent City agency
- B. Except as described in Section III(D) hereof, if applicable, the undersigned is (a) not in default or in arrears on any outstanding commercial loans, water charges, sewer charges, property taxes, sales taxes or other fines, fees, taxes, assessments or charges owed to the City, personally or by any partnership, corporation, joint venture or land trust in which the undersigned has at least a five percent beneficial interest, and (b) not delinquent in the payment of any tax administered by the

Illinois Department of Revenue, or if delinquent, the undersigned is contesting, in accordance with the procedures established by the appropriate revenue act, its liability for such tax or the amount of such tax, or the undersigned has entered into an agreement with the Illinois Department of Revenue for the payment of all such taxes that are due and is in compliance with such agreement.

C Since the initial date of application, the undersigned has not done or suffered to be done anything that could in any way adversely affect the title to the Property and, except as described herein, no proceedings have been filed by or against the undersigned, nor has any judgment or decree been rendered against the undersigned, nor is there any judgment note or other instrument that can result in a judgment or decree against the undersigned within five days from the date thereof

D. The undersigned has either paid in full or settled all outstanding parking violation complaints issued to any vehicle owned or controlled by the undersigned personally, or by any partnership, corporation, joint venture or land trust in which the undersigned has control or an ownership interest exceeding five percent in such entity.

E The undersigned and its principals

- (1) are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government,
- (2) have not within a three-year period preceding the date hereof been convicted of a criminal offense or had a civil judgment rendered against them in connection with obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction, a violation of federal or state antitrust statutes, fraud, embezzlement, theft, forgery; bribery; falsification or destruction of records, making false statements, or receiving stolen property;
- (3) are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state or local) with commission of any of the offenses enumerated in clause (b) above, and
- (4) have not within a three-year period preceding the date hereof had one or more public transactions (federal, state or local) terminated for cause or default

- F. The undersigned, or any party to be used in the performance of the Project (an "Applicable Party"), or any Affiliated Entity of either the undersigned or any Applicable Party, or any responsible official thereof, or any other official, agent or employee of the undersigned, any Applicable Party or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official thereof, has not, during the three years prior to the date hereof or, with respect to an Applicable Party or any Affiliated Entity thereof, during the three years prior to the date of such Applicable Party's contract in connection with the Project:
- (1) bribed or attempted to bribe, or been convicted of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity,
 - (2) agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or 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
 - (3) made an admission of such conduct described in (1) or (2) above which is a matter of record, but has not been prosecuted for such conduct
- G The undersigned understands and shall comply with (1) the applicable requirements of the Governmental Ethics Ordinance of the City, Title 2, Chapter 2-156 of the Municipal Code; and (2) all the applicable provisions of Chapter 2-56 of the Municipal Code (Office of the Inspector General)
- H Neither the undersigned nor any employee, official, agent or partner of the undersigned is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3, as amended, supplemented and restated from time to time, (2) bid-rotating in violation of 720 ILCS 5/33E-4, as amended, supplemented and restated from time to time; or (3) any similar offense of any state or of the United States of America which contains the same elements as the offense of bid-rigging or bid-rotating

- I. If the undersigned is unable to certify to any of the above statements in this Section VII, the undersigned shall explain below

[If no explanation appears or begins on the lines above, it shall be conclusively presumed that the undersigned certifies to each of the above statements]

VIII APPLICABLE PARTIES

- A. The undersigned has obtained certifications in form and substance equal to Section VII(E)-(I) of this EDS from all Applicable Parties that the undersigned presently intends to use in connection with the Project. As to Applicable Parties to be used in connection with the Project who are not yet known to the undersigned, the undersigned shall obtain certifications in form and substance equal to Section VII(E)-(I) of this EDS from all such Applicable Parties prior to using them in connection with the Project
- B. The undersigned shall not, without the prior written consent of the City, use any Applicable Party in connection with the Project if the undersigned, based on information contained in such Applicable Party's certification or any other information known or obtained by the undersigned, has reason to believe that:
- (1) during the three years prior to the date of such Applicable Party's contract in connection with the Project, such Applicable Party, such Applicable Party's Affiliated Entity, or any official, agent or employee of such Applicable Party or Affiliated Entity has engaged in, been convicted of, or made an admission of guilt of any of the conduct listed in Section VII(F) above,
 - (2) such Applicable Party or any official, agent, partner or employee of such Applicable Party is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of bid-rigging, bid-rotating, or any similar offense of any state or of the United States of America which contains the same elements as bid-rigging or bid-rotating, or
 - (3) any of the circumstances described in Section VII(H) above applies to such Applicable Party or its principals

- C. Further, the undersigned shall not, without the prior written consent of the City, use in connection with the Project any person or entity from which the undersigned is unable to obtain certifications in form and substance equal to Section VII(E)-(I) of this EDS or which the undersigned has reason to believe cannot provide truthful certifications
- D. For all Applicable Parties, the undersigned shall maintain for the duration of the requested City assistance all certifications of all Applicable Parties required by Section VIII(A) above, and the undersigned shall make such certifications promptly available to the City upon request

IX. RESTRICTION ON LOBBYING

- A List below the names of all persons registered under the Lobbying Disclosure Act of 1995, 2 U.S.C. § 1601 *et seq* (the "Disclosure Act"), who have made lobbying contacts on behalf of the undersigned with respect to the transaction to which this EDS pertains (the "Transaction"). If there are no such persons, write "none."

Louik Schnider & Associates

54 W. Hubbard Suite 403

Chicago, IL 60610

- B. The undersigned certifies that it has not and shall not expend any Federal appropriated funds to pay any person for influencing or attempting to influence an officer or employee of any agency, as defined by applicable Federal law, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan or cooperative agreement Accordingly, the undersigned has not used any Federal appropriated funds to pay any person listed in Section IX(A) above for his/her lobbying activities in connection with the Transaction
- C The undersigned shall submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affect the accuracy of the statements and information set forth in paragraphs (A) and (B) above

- D. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the Transaction, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions
- E. Either (1) the undersigned is not an organization described in Section 501(c)(4) of the Internal Revenue Code of 1986; or (2) the undersigned is an organization described in Section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and shall not engage in "lobbying activities," as defined in the Disclosure Act
- F. The undersigned shall obtain certifications equal in form and substance to paragraphs (A) through (E) above from all contractors and subcontractors prior to the award of any contract/subcontract with such parties in connection with the Transaction. The undersigned shall maintain all such certifications of such parties for the duration of the Transaction and shall make such certifications promptly available to the City upon request.

X. NONSEGREGATED FACILITIES

- A. The undersigned certifies that it does not and shall not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and shall not permit its employees to perform their services at any location under its control where segregated facilities are maintained. The undersigned agrees that a breach of this certification is a violation of the Equal Opportunity clause
- B. "Segregated facilities," as used in this provision, means any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees, that are segregated by explicit directive or are in fact segregated on the basis of race, color, religion or national origin because of habit, local custom or otherwise
- C. The undersigned further agrees that it shall obtain or cause to be obtained identical certifications from proposed contractors or subcontractors in connection with the Project before the award of contracts or subcontracts under which the contractor/subcontractor will be subject to the equal opportunity clause. Contracts and subcontracts exceeding \$10,000, or having an aggregate value exceeding \$10,000 in any 12-month period, are generally subject to the equal opportunity

clause. See 41 C.F.R. Part 60 for further information regarding the equal opportunity clause.

- D The undersigned shall forward or cause to be forwarded the following notice to proposed contractors and subcontractors

NOTICE TO PROSPECTIVE CONTRACTORS/SUBCONTRACTORS OF REQUIREMENTS FOR CERTIFICATIONS OF NONSEGREGATED FACILITIES

A Certification of Nonsegregated Facilities must be submitted before the award of a contract/subcontract under which the contractor/subcontractor will be subject to the Equal Opportunity clause. The certifications may be submitted either for each contract/subcontract or for all contracts/subcontracts during a period (e.g., quarterly, semiannually or annually).

XI. EQUAL EMPLOYMENT OPPORTUNITY

Federal regulations require that the undersigned and proposed contractors/subcontractors submit the following information with their bids or in writing at the outset of negotiations

- A. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 C.F.R. Part 60-2)

Yes No

- B. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

- C. If the answer to (B) is yes, have you filed with the Joint Reporting Committee, the Director of OFCC, any federal agency, or the former President's Committee on Equal Employment Opportunity, all reports due under the applicable filing requirements of these organizations?

Yes No

XII. RETAINED PARTIES

A Definitions and Disclosure Requirements

1. Pursuant to Executive Order 97-1, every City contract and lease must be accompanied by a statement disclosing certain information about attorneys, lobbyists, accountants, consultants, subcontractors and other persons whom the undersigned has retained or expects to retain in connection with the contract or lease. In particular, the undersigned must disclose the name of each such person, his/her business address, the nature of the relationship, and the amount of the fees paid or estimated to be paid. The undersigned is not required to disclose employees who are paid solely through the undersigned's regular payroll.

2. "Lobbyist" means any person (i) who for compensation or on behalf of any person other than himself undertakes to influence any legislative or administrative action, or (ii) any part of whose duty as an employee of another includes undertaking to influence any legislative or administrative action.

3. If the undersigned is uncertain whether a disclosure is required under this Section XII, the undersigned must either ask the City whether disclosure is required or make the disclosure.

B. Certification

Each and every attorney, lobbyist, accountant, consultant, subcontractor or other person retained or anticipated to be retained by the undersigned with respect to or in connection with the City assistance to which this EDS pertains is listed below:

Name	Business Address	Relationship (attorney, lobbyist, contractor, etc)	Fees (indicate whether paid or estimated)
Langdon Neal		Attorney	\$50,000 (estimate)
	111 W. Washington #1700	Chicago, IL 60602	
Louk Schnider & Assoc.		TIF Consultant	\$10,000 (estimate)
	54 W. Hubbard #403	Chicago, IL 60610	

CHECK HERE IF NO SUCH PERSONS HAVE BEEN RETAINED OR ARE ANTICIPATED TO BE RETAINED x

XIII. CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The undersigned understands and agrees that

A The certifications contained in this EDS shall become part of any contract awarded to the undersigned by the City in connection with the City assistance to which this EDS pertains, and are a material inducement to the City's execution of such contract or other action with respect to which this EDS is being executed and delivered on behalf of the undersigned. Furthermore, the undersigned shall comply with the certifications contained herein during the term and/or performance of the contract or completion of the Transaction.

B If the City determines that any information provided herein is false, incomplete or inaccurate, the City may terminate the Transaction, terminate the undersigned's participation in the Transaction, and/or decline to allow the undersigned to participate in other contracts or transactions with the City.

C. The undersigned shall terminate its contract with any contractor, subcontractor or other Applicable Party, if the City so demands, if the City determines that any information provided by such party in any of the certifications required by this EDS from such party is false, incomplete or inaccurate. The undersigned shall insert or cause to be inserted adequate provisions in all contracts and subcontracts as required by this paragraph.

D. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the undersigned waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS.

(Print or type name of individual or legal entity--this should be the same name as given in Section I(A) hereof)

By: BJ Spathies
(sign here)

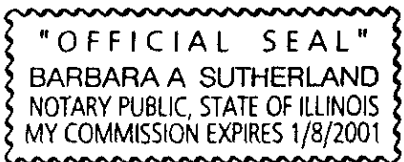
Title of signatory: President

Print or type name of signatory: B. J. Spathies

Date: April 27, 1998

Subscribed to before me this 27 day of April,
1998 at Cook County, Illinois

Barbara A. Sutherland
Notary Public



Commission expires: 1/8/01

(Do not write below this line except to recertify prior to submission to City Council or on the date of closing)

RECERTIFICATION

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned hereby represents, under penalty of perjury, that all certifications and statements contained in this EDS are true, accurate and complete as of the date furnished to the City and continue to be true, accurate and complete as of the date hereof

(Print or type name of individual or legal
entity--this should be the same name as given
in Section I(A) hereof)

By: _____
(sign here)

Title of signatory: _____

Print or type
name of signatory. _____

Date: _____, 199__

Subscribed to before me this ____ day of _____,
199__ at Cook County, Illinois.

Notary Public

Commission expires _____

EDS

CITY OF CHICAGO

ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT

(Economic Development/Housing Transactions)

Pursuant to Chapter 2-154 of the Municipal Code of Chicago (the "Municipal Code"), the following information is required to be disclosed prior to any City agency, department or City Council action. Please fully complete each statement, with all information current as of the attestation date. Every question must be answered. If a question is not applicable, answer with "N A." *An incomplete EDS shall be returned and any City action shall be interrupted.*

Please print or type all responses clearly and legibly. If you need additional space for a response, attach extra pages. Please indicate the question to which you are responding on any extra pages you attach.

Please note that this Economic Disclosure Statement and Affidavit (the "EDS") requires you to obtain various certifications from certain other parties before they may perform any work in connection with the project. The terms of the required certifications are set forth below in Sections V, VII, VIII, IX and X.

WHO MUST FILE.

- 1 The Applicant. Any individual or entity (the "Applicant") making an application to the City of Chicago (the "City") for action requiring City Council or other City agency approval must file this EDS. For example, with respect to a City loan or grant, the individual or entity applying for the loan or grant is the "Applicant."
- 2 Entities holding an interest in the Applicant. Whenever an ownership interest in the Applicant (such as shares of stock of the Applicant or a limited partnership interest in the Applicant, for example) is held or owned by a legal entity (such as a corporation or partnership, for example) rather than an individual, each such legal entity must also file an EDS on its own behalf. If the Applicant is a not-for-profit corporation with members who elect the board of directors, those members who are legal entities and not individuals must also file EDS's on their own behalf. (Individuals who have ownership interests in the Applicant or who are members of a not-for-profit Applicant are not required to file an EDS on their own behalf.) However, if the Applicant is a corporation whose shares are registered on a national securities exchange pursuant to the Securities Exchange Act of 1934, only legal entities that own 10 percent or more of the Applicant's stock must file EDS's on their own behalf. A legal entity that holds an ownership interest in the Applicant and that is required to file an EDS on its own behalf shall be referred to hereinafter as a "First-Tier Related Entity."

- 3 Entities holding direct or indirect interest in a First-Tier Related Entity The same rules described in (2) above also apply to owners of First-Tier Related Entities, owners of such owners, and so on

The individual or legal entity completing this EDS shall be referred to as the "undersigned" throughout this EDS. If the party completing this EDS is not an individual but is a legal entity (such as, for example, a corporation or partnership), the person signing this EDS on behalf of such party shall be referred to as the "signatory of the undersigned."

ACKNOWLEDGMENT OF POSSIBLE CREDIT AND OTHER CHECKS By completing and filing this EDS, the undersigned acknowledges and agrees, on behalf of itself and the individuals named in this EDS, that the City may investigate the creditworthiness of some or all of the individuals named in this EDS.

INFORMATION TO BE KEPT CURRENT: All disclosures must be current as of the date upon which the application is presented to the City Council or other City agency, and shall be maintained current until such time as the City Council or City agency shall take action on the application. This requires (i) the submission of this EDS at the time the initial application is made, and (ii) a recertification of this EDS (a) at the time the related ordinance, if any, is submitted to the City Council if such submission is more than 60 days following the original execution of this EDS; and (b) upon the closing of the related transaction.

RE-CERTIFYING THIS EDS Execute the certification on the date of the initial submission of this EDS. You may be asked to re-execute this EDS on the last page as of the date of submission of any related ordinance to the City Council, or as of the date of the closing of your transaction.

I. GENERAL INFORMATION

- A. Exact legal name of undersigned _____
Chatham Woods Corporation
- B. Business address: 980 N. Michigan Avenue, Suite 1280
Chicago, Illinois 60611
- C. Telephone (312) 642-7642
- D. Fax (312) 642-7643
- E. Name of contact person B. J. Spathies

F. City agency receiving this EDS: _____

G. Type of action requested: Application for _____

Designation as TIF District _____

H Project location 89th and Indiana _____

I. Brief project description Residential development _____

consisting of 143 single family homes, _____

J. Description and purpose of requested City assistance _____

TIF for environmental remediation, demolition and

public improvements. _____

II. DISCLOSURE OF OWNERSHIP INTERESTS

A GENERAL INFORMATION

1 Indicate whether the undersigned is an individual or legal entity and, if a legal entity, indicate the type of entity below:

- Individual
- Business corporation
- Not-for-profit corporation
- General partnership
- Limited partnership
- Limited liability company
- Joint venture
- Sole proprietorship
- Other entity (please specify) _____

2. State of incorporation or organization, if applicable

~~Illinois~~

3 For corporations, limited partnerships and limited liability companies not organized in the State of Illinois: Is the organization authorized to do business in the State of Illinois as a foreign entity?

Yes No

B. ORGANIZATION INFORMATION

1 FOR CORPORATIONS

a List below the names and titles of the executive officers and directors of the corporation.

Name	Title
<u>B.J. Spathies</u>	<u>President, Secretary and Treasurer</u>

<u>Anne B. Cotter</u>	<u>Vice President</u>
-----------------------	-----------------------

b. For business corporations with 100 or more shareholders, list below the name, business address and percentage of ownership interest of each shareholder owning shares equal to or in excess of 7.5 percent of the total issued and outstanding shares

Name	Business Address	Percentage Interest
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

- c. For business corporations with fewer than 100 shareholders, list below the name, business address and percentage of ownership interest of each shareholder

Name	Business Address	Percentage Interest
B. J. Spathies	980 N. Michigan Avenue	100%
	Suite 1280	
	Chicago, Illinois	60611

- d. For not-for-profit corporations, list below the name, business address and percentage of control of each member. If there are no members, write "no members"

Name	Business Address	Percentage Control

2 FOR PARTNERSHIPS.

For general or limited partnerships list below the name, business address and percentage of ownership interest of each partner. For limited partnerships, indicate whether each partner is a general partner or a limited partner

Name	Business Address	Percentage Interest

3 FOR LIMITED LIABILITY COMPANIES

a List below the names and titles of the executive officers, if any, of the limited liability company. If there are no officers, write "no officers."

Name	Title
_____	_____
_____	_____
_____	_____
_____	_____

b List below the name, business address and percentage of ownership interest of each (i) member and (ii) manager. If there are no managers, write "no managers "

Name	Business Address	Percentage Interest
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

4. FOR LAND TRUSTS, BUSINESS TRUSTS OR ESTATES.

a. List below the name of each individual or legal entity holding legal title to the property that is the subject of the trust:

- b List below the name, business address and percentage of beneficial interest of each beneficiary on whose behalf title is held

Name	Business Address	Percentage Interest

5. OTHER OWNERSHIP INTERESTS

- a. Is any ownership interest in the undersigned, as described in (1)(b)-(d), (2), 3(b) or (4)(b) above, held by one or more agents or one or more nominees on behalf of another individual or legal entity?

Yes No

If so, list below the name, business address and percentage of ownership interest of each principal (whether an individual or legal entity) for whom such agent(s) or nominee(s) are holding their ownership interest(s) in the undersigned, and identify each principal's agent or nominee.

Principal's

Name	Address	Percentage Interest	Agent/Nominee

- b. Is any ownership interest in the undersigned, as described in (1)(b)-(d), (2), 3(b) or (4)(b) above, constructively controlled (other than through an agent or nominee) by another individual or legal entity?

Yes No

If so, list below (i) the name of each individual or legal entity whose ownership interest is constructively controlled, (ii) the name, business address and percentage of ownership interest of each individual or legal entity possessing such control, and (iii) the means by which such control is or may be exercised

III. OTHER PROJECT INFORMATION

- A. List below the name and business address of each individual or legal entity currently holding legal title to the property for which City assistance is being requested (the "Property")

~~Select-Canfield, Inc., an Illinois corporation formerly
known as A.J. Canfield Co., a corporation of Illinois~~

B. If title to the Property is held in a land trust, list below the name, business address and percentage of interest of each beneficiary. If all of this information has already been provided in Section II above, indicate that below and do not repeat it here.

C Real estate tax index number(s) for the Property

~~25-03-115-008, -011, -012, -013, -014, -018, -019, -020,~~
~~-034, and 25-03-501-001~~

D Have all water charges, sewer charges, property taxes and sales taxes, due and payable on or prior to the date hereof and concerning the Property, been paid as of the date of this EDS?

Yes No

If no, describe below the kind and dollar amount of such charges or taxes and indicate by what date full payment shall be made. Failure to make full payment may halt any requested City action

IV. ADDITIONAL INFORMATION

Has the undersigned or any member, partner, beneficiary or owner of the undersigned.

A ever been a defendant in any civil or criminal suits or legal actions?

Yes No

B. ever had any debts discharged, satisfied or settled under the Bankruptcy Act?

Yes No

C. ever had a judgment entered against him/her/it?

Yes No

D. ever been a party to a foreclosure, a deed in lieu of foreclosure, a loan default or loan "workout" situation?

Yes No

NOTE: If the answer to any of the above questions is "yes," attach a separate schedule explaining the circumstances, parties involved and resolution or status. A specific description must be provided for each case.

V. CERTIFICATION OF ENVIRONMENTAL COMPLIANCE

A. Neither the undersigned nor any "Affiliated Entity" (as defined below) of the undersigned has, during a period of five years prior to the date hereof

- (1) violated or engaged in any conduct which violated Sections 7-28-440 or 11-4-1500 or Article XIV of Chapter 11-4 or Chapters 7-28 or 11-4 of the Municipal Code or any other "Environmental Restriction" (as defined below),
- (2) received notice of any claim, demand or action, including but not limited to citations and warrants, from the City, the State of Illinois, the federal government, any state or political subdivision thereof, or any agency, court or body of the federal government or any state or political subdivision thereof, exercising executive, legislative, judicial, regulatory or administrative functions, relating to a violation or alleged violation of Sections 7-28-440 or 11-4-1500 or Article XIV of Chapter 11-4 or Chapters 7-28 or 11-4 of the Municipal Code or any other Environmental Restriction, or
- (3) been subject to any fine or penalty of any nature for failure to comply with Sections 7-28-440 or 11-4-1500 or Article XIV of Chapter 11-4 or Chapters 7-28 or 11-4 of the Municipal Code or any other Environmental Restriction

B. If the undersigned is unable to certify to any of the above statements in this Section V, the undersigned shall identify all exceptions and indicate whether any such exceptions occurred within the City or otherwise pertain to the City.

[If no explanation appears or begins on the lines above, it shall be conclusively presumed that the undersigned certifies to each of the above statements]

C. The undersigned covenants and agrees that the undersigned shall

- (1) prior to completion of the project to which this EDS pertains (the "Project"), not violate any provision of Sections 7-28-440 or 11-4-1500 or Article XIV of Chapter 11-4 or Chapters 7-28 or 11-4 of the Municipal Code or any other Environmental Restriction;

- (2) not use any facility on the United States Environmental Protection Agency's List of Violating Facilities (the "List") in connection with the Project for the duration of time that the facility remains on the List; and
- (3) immediately notify any federal agency which is awarding funds in connection with the Project if a facility that the undersigned intends to use is on the List or if the undersigned knows that any such facility has been recommended to be placed on the List

D The undersigned has obtained certifications in form and substance equal to Section V(A)-(B) of this EDS from all contractors or subcontractors that the undersigned presently intends to use in connection with the Project. As to contractors or subcontractors to be used in connection with the Project who are not yet known to the undersigned, the undersigned shall obtain certifications in form and substance equal to Section V(A)-(B) of this EDS from all such parties prior to using them in connection with the Project.

E. The undersigned shall not, without the prior written consent of the City, use any contractor or subcontractor in connection with the Project if the undersigned, based on information contained in such party's certification or any other information known or obtained by the undersigned, has reason to believe that such contractor or subcontractor has, within the preceding five years, been in violation of any Environmental Restriction, received notice of any claim relating to a violation of an Environmental Restriction, or been subject to any fine or penalty for a violation of an Environmental Restriction

F. Further, the undersigned shall not, without the prior written consent of the City, use as a contractor or subcontractor in connection with the Project any person or entity from which the undersigned is unable to obtain certifications in form and substance equal to Section V(A)-(B) of this EDS or which the undersigned has reason to believe cannot provide truthful certifications.

G The undersigned shall maintain for the duration of the requested City assistance all certifications of all contractors and subcontractors required by Section V(D) above, and shall make such certifications promptly available to the City upon request

H Definitions

- (1) Entities are "affiliated" if, directly or indirectly, one controls or has the power to control the other, or if a third person controls or has the power to control both entities. Indicia of control include without limitation: interlocking management or ownership identity of interests among family members, shared facilities and equipment, common use of employees, or organization of another business entity using substantially the same management, ownership or principals as the first entity.

- (2) "Environmental Restriction" means any statute, ordinance, rule, regulation, permit, permit condition, order or directive relating to or imposing liability or standards of conduct concerning the release or threatened release of hazardous materials, special wastes or other contaminants into the environment, and to the generation, use, storage, transportation or disposal of construction debris, bulk waste, refuse, garbage, solid wastes, hazardous materials, special wastes or other contaminants, including but not limited to: (a) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 *et seq.*), (b) the Hazardous Materials Transportation Act (49 U.S.C. § 1801 *et seq.*), (c) the Resource Conservation and Recovery Act of 1976 (42 U.S.C. § 6901 *et seq.*); (d) the Clean Water Act (33 U.S.C. § 1251 *et seq.*), (e) the Clean Air Act (42 U.S.C. § 7401 *et seq.*); (f) the Toxic Substances Control Act of 1976 (15 U.S.C. § 2601 *et seq.*), (g) the Safe Drinking Water Act (42 U.S.C. § 300f *et seq.*), (h) the Occupational Health and Safety Act of 1970 (29 U.S.C. § 651 *et seq.*), (i) the Emergency Planning and Community Right to Know Act (42 U.S.C. § 11001 *et seq.*), and (j) the Illinois Environmental Protection Act (415 ILCS 5/1 through 5/56.6)

VI. CHILD SUPPORT OBLIGATIONS

For purposes of this Section VI, "Substantial Owner" means any individual who owns or holds a 10 percent or more "Percentage of Interest" (as defined below) in the undersigned. If the undersigned is an individual or sole proprietorship, the "Substantial Owner" means that individual or sole proprietor. "Percentage of Interest" includes direct, indirect and beneficial interests in the undersigned. "Indirect or beneficial interest" means that an interest in the undersigned is held by a corporation, joint venture, trust, partnership, association, estate or other legal entity, in which the individual holds an interest, or by agent(s) or nominee(s) on behalf of an individual or entity. For example, if Corporation B owns a 20 percent interest in the undersigned, and an individual has a 50 percent percentage of interest in Corporation B, then such individual indirectly has a 10 percent percentage of interest in the undersigned and is a Substantial Owner. If Corporation B is held by another entity, then this analysis similarly must be applied to that next entity (and so forth to any additional levels of ownership) to determine whether any individuals indirectly hold a 10 percent or more interest in the undersigned.

If the undersigned's response below is (A) or (B), then all of the undersigned's Substantial Owners must remain in compliance with any such child support obligations (i) throughout the term of the requested City assistance to which this EDS pertains, or (ii) until completion of the undersigned's obligations to the City in connection with the Project, whichever is later. Failure of the undersigned's Substantial Owners to remain in compliance with their child support obligations in the manner set forth in either (A) or (B) below constitutes an event of default.

Check one:

- A. No Substantial Owner has been declared in arrearage on any child support obligations by the Circuit Court of Cook County or by another Illinois court of competent jurisdiction
- B. The Circuit Court of Cook County or another Illinois court of competent jurisdiction has issued an order declaring one or more Substantial Owners in arrearage on their child support obligations. All such Substantial Owners, however, have entered into court-approved agreements for the payment of all such child support owed, and all such Substantial Owners are in compliance with such agreements.
- C. The Circuit Court of Cook County or another Illinois court of competent jurisdiction has issued an order declaring one or more Substantial Owners in arrearage on their child support obligations and (i) at least one such Substantial Owner has not entered into a court-approved agreement for the payment of all such child support owed, or (ii) at least one such Substantial Owner is not in compliance with a court-approved agreement for the payment of all such child support owed, or both (i) and (ii)
- D. There are no Substantial Owners.

VII. CERTIFICATION

The signatory of the undersigned, being first duly sworn, on oath hereby certifies, deposes and says, under penalty of perjury, as follows

- A. The signatory is authorized to execute this EDS on behalf of the undersigned; the information disclosed herein is true and complete to the best of his/her knowledge, no disclosures as to economic interest in the Project have been withheld, and no information has been reserved as to the intended use or purpose for which the undersigned (or a related entity) seeks action by the City Council or pertinent City agency
- B. Except as described in Section III(D) hereof, if applicable, the undersigned is (a) not in default or in arrears on any outstanding commercial loans, water charges, sewer charges, property taxes, sales taxes or other fines, fees, taxes, assessments or charges owed to the City, personally or by any partnership, corporation, joint venture or land trust in which the undersigned has at least a five percent beneficial interest, and (b) not delinquent in the payment of any tax administered by the

Illinois Department of Revenue, or if delinquent, the undersigned is contesting, in accordance with the procedures established by the appropriate revenue act, its liability for such tax or the amount of such tax, or the undersigned has entered into an agreement with the Illinois Department of Revenue for the payment of all such taxes that are due and is in compliance with such agreement

- C Since the initial date of application, the undersigned has not done or suffered to be done anything that could in any way adversely affect the title to the Property and, except as described herein, no proceedings have been filed by or against the undersigned, nor has any judgment or decree been rendered against the undersigned, nor is there any judgment note or other instrument that can result in a judgment or decree against the undersigned within five days from the date thereof
- D The undersigned has either paid in full or settled all outstanding parking violation complaints issued to any vehicle owned or controlled by the undersigned personally, or by any partnership, corporation, joint venture or land trust in which the undersigned has control or an ownership interest exceeding five percent in such entity.

E. The undersigned and its principals:

- (1) are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government,
- (2) have not within a three-year period preceding the date hereof been convicted of a criminal offense or had a civil judgment rendered against them in connection with obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction, a violation of federal or state antitrust statutes, fraud; embezzlement, theft, forgery, bribery; falsification or destruction of records; making false statements; or receiving stolen property,
- (3) are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state or local) with commission of any of the offenses enumerated in clause (b) above, and
- (4) have not within a three-year period preceding the date hereof had one or more public transactions (federal, state or local) terminated for cause or default.

- F. The undersigned, or any party to be used in the performance of the Project (an "Applicable Party"), or any Affiliated Entity of either the undersigned or any Applicable Party, or any responsible official thereof, or any other official, agent or employee of the undersigned, any Applicable Party or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official thereof, has not, during the three years prior to the date hereof or, with respect to an Applicable Party or any Affiliated Entity thereof, during the three years prior to the date of such Applicable Party's contract in connection with the Project:
- (1) bribed or attempted to bribe, or been convicted of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity,
 - (2) agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or 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
 - (3) made an admission of such conduct described in (1) or (2) above which is a matter of record, but has not been prosecuted for such conduct.
- G The undersigned understands and shall comply with (1) the applicable requirements of the Governmental Ethics Ordinance of the City, Title 2, Chapter 2-156 of the Municipal Code; and (2) all the applicable provisions of Chapter 2-56 of the Municipal Code (Office of the Inspector General).
- H. Neither the undersigned nor any employee, official, agent or partner of the undersigned is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3, as amended, supplemented and restated from time to time, (2) bid-rotating in violation of 720 ILCS 5/33E-4, as amended, supplemented and restated from time to time, or (3) any similar offense of any state or of the United States of America which contains the same elements as the offense of bid-rigging or bid-rotating

- I. If the undersigned is unable to certify to any of the above statements in this Section VII, the undersigned shall explain below:

[If no explanation appears or begins on the lines above, it shall be conclusively presumed that the undersigned certifies to each of the above statements.]

VIII. APPLICABLE PARTIES

- A. The undersigned has obtained certifications in form and substance equal to Section VII(E)-(I) of this EDS from all Applicable Parties that the undersigned presently intends to use in connection with the Project. As to Applicable Parties to be used in connection with the Project who are not yet known to the undersigned, the undersigned shall obtain certifications in form and substance equal to Section VII(E)-(I) of this EDS from all such Applicable Parties prior to using them in connection with the Project
- B. The undersigned shall not, without the prior written consent of the City, use any Applicable Party in connection with the Project if the undersigned, based on information contained in such Applicable Party's certification or any other information known or obtained by the undersigned, has reason to believe that
- (1) during the three years prior to the date of such Applicable Party's contract in connection with the Project, such Applicable Party, such Applicable Party's Affiliated Entity, or any official, agent or employee of such Applicable Party or Affiliated Entity has engaged in, been convicted of, or made an admission of guilt of any of the conduct listed in Section VII(F) above,
 - (2) such Applicable Party or any official, agent, partner or employee of such Applicable Party is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of bid-rigging, bid-rotating, or any similar offense of any state or of the United States of America which contains the same elements as bid-rigging or bid-rotating, or
 - (3) any of the circumstances described in Section VII(H) above applies to such Applicable Party or its principals

- C. Further, the undersigned shall not, without the prior written consent of the City, use in connection with the Project any person or entity from which the undersigned is unable to obtain certifications in form and substance equal to Section VII(E)-(I) of this EDS or which the undersigned has reason to believe cannot provide truthful certifications
- D. For all Applicable Parties, the undersigned shall maintain for the duration of the requested City assistance all certifications of all Applicable Parties required by Section VIII(A) above, and the undersigned shall make such certifications promptly available to the City upon request

IX. RESTRICTION ON LOBBYING

- A List below the names of all persons registered under the Lobbying Disclosure Act of 1995, 2 U.S.C. § 1601 *et seq* (the "Disclosure Act"), who have made lobbying contacts on behalf of the undersigned with respect to the transaction to which this EDS pertains (the "Transaction") If there are no such persons, write "none."

Louik Schnider & Associates

54 W. Hubbard Suite 403

Chicago, IL 60610

- B The undersigned certifies that it has not and shall not expend any Federal appropriated funds to pay any person for influencing or attempting to influence an officer or employee of any agency, as defined by applicable Federal law, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan or cooperative agreement Accordingly, the undersigned has not used any Federal appropriated funds to pay any person listed in Section IX(A) above for his/her lobbying activities in connection with the Transaction
- C The undersigned shall submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affect the accuracy of the statements and information set forth in paragraphs (A) and (B) above

- D. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the Transaction, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- E. Either (1) the undersigned is not an organization described in Section 501(c)(4) of the Internal Revenue Code of 1986; or (2) the undersigned is an organization described in Section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and shall not engage in "lobbying activities," as defined in the Disclosure Act
- F. The undersigned shall obtain certifications equal in form and substance to paragraphs (A) through (E) above from all contractors and subcontractors prior to the award of any contract/subcontract with such parties in connection with the Transaction. The undersigned shall maintain all such certifications of such parties for the duration of the Transaction and shall make such certifications promptly available to the City upon request.

X. NONSEGREGATED FACILITIES

- A. The undersigned certifies that it does not and shall not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and shall not permit its employees to perform their services at any location under its control where segregated facilities are maintained. The undersigned agrees that a breach of this certification is a violation of the Equal Opportunity clause
- B. "Segregated facilities," as used in this provision, means any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees, that are segregated by explicit directive or are in fact segregated on the basis of race, color, religion or national origin because of habit, local custom or otherwise
- C. The undersigned further agrees that it shall obtain or cause to be obtained identical certifications from proposed contractors or subcontractors in connection with the Project before the award of contracts or subcontracts under which the contractor/subcontractor will be subject to the equal opportunity clause. Contracts and subcontracts exceeding \$10,000, or having an aggregate value exceeding \$10,000 in any 12-month period, are generally subject to the equal opportunity

clause. See 41 C.F.R. Part 60 for further information regarding the equal opportunity clause.

- D The undersigned shall forward or cause to be forwarded the following notice to proposed contractors and subcontractors

NOTICE TO PROSPECTIVE CONTRACTORS/SUBCONTRACTORS OF REQUIREMENTS FOR CERTIFICATIONS OF NONSEGREGATED FACILITIES

A Certification of Nonsegregated Facilities must be submitted before the award of a contract/subcontract under which the contractor/subcontractor will be subject to the Equal Opportunity clause. The certifications may be submitted either for each contract/subcontract or for all contracts/subcontracts during a period (e.g., quarterly, semiannually or annually).

XI. EQUAL EMPLOYMENT OPPORTUNITY

Federal regulations require that the undersigned and proposed contractors/subcontractors submit the following information with their bids or in writing at the outset of negotiations:

- A Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 C.F.R. Part 60-2)

Yes No

- B. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

- C. If the answer to (B) is yes, have you filed with the Joint Reporting Committee, the Director of OFCC, any federal agency, or the former President's Committee on Equal Employment Opportunity, all reports due under the applicable filing requirements of these organizations?

Yes No

XII. RETAINED PARTIES

A. Definitions and Disclosure Requirements

1. Pursuant to Executive Order 97-1, every City contract and lease must be accompanied by a statement disclosing certain information about attorneys, lobbyists, accountants, consultants, subcontractors and other persons whom the undersigned has retained or expects to retain in connection with the contract or lease. In particular, the undersigned must disclose the name of each such person, his/her business address, the nature of the relationship, and the amount of the fees paid or estimated to be paid. The undersigned is not required to disclose employees who are paid solely through the undersigned's regular payroll

2 "Lobbyist" means any person (i) who for compensation or on behalf of any person other than himself undertakes to influence any legislative or administrative action, or (ii) any part of whose duty as an employee of another includes undertaking to influence any legislative or administrative action.

3. If the undersigned is uncertain whether a disclosure is required under this Section XII, the undersigned must either ask the City whether disclosure is required or make the disclosure.

B. Certification

Each and every attorney, lobbyist, accountant, consultant, subcontractor or other person retained or anticipated to be retained by the undersigned with respect to or in connection with the City assistance to which this EDS pertains is listed below:

Name	Business Address	Relationship (attorney, lobbyist, contractor, etc)	Fees (indicate whether paid or estimated)
Langdon Neal		Attorney	\$50,000 (estimate)
111 W. Washington	#1700	Chicago, IL	60602
Louik Schnider & Assoc.		TIF Consultant	\$10,000 (estimate)
54 W. Hubbard	#403	Chicago, IL	60610

CHECK HERE IF NO SUCH PERSONS HAVE BEEN RETAINED OR ARE ANTICIPATED TO BE RETAINED x

XIII. CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The undersigned understands and agrees that

A The certifications contained in this EDS shall become part of any contract awarded to the undersigned by the City in connection with the City assistance to which this EDS pertains, and are a material inducement to the City's execution of such contract or other action with respect to which this EDS is being executed and delivered on behalf of the undersigned. Furthermore, the undersigned shall comply with the certifications contained herein during the term and/or performance of the contract or completion of the Transaction

B If the City determines that any information provided herein is false, incomplete or inaccurate, the City may terminate the Transaction, terminate the undersigned's participation in the Transaction, and/or decline to allow the undersigned to participate in other contracts or transactions with the City.

C. The undersigned shall terminate its contract with any contractor, subcontractor or other Applicable Party, if the City so demands, if the City determines that any information provided by such party in any of the certifications required by this EDS from such party is false, incomplete or inaccurate. The undersigned shall insert or cause to be inserted adequate provisions in all contracts and subcontracts as required by this paragraph.

D. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the undersigned waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS.

(Print or type name of individual or legal entity--this should be the same name as given in Section I(A) hereof)

By: BJ Spathies
(sign here)

Title of signatory: President

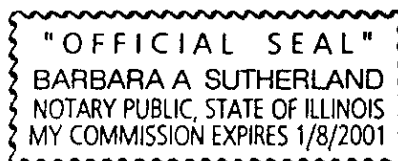
Print or type name of signatory B. J. Spathies

Date: April 27, 1998

Subscribed to before me this 27 day of April,

1998 at Cook County, Illinois.

Barbara A. Sutherland
Notary Public



Commission expires: 1/8/01

(Do not write below this line except to recertify prior to submission to City Council or on the date of closing)

RECERTIFICATION

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned hereby represents, under penalty of perjury, that all certifications and statements contained in this EDS are true, accurate and complete as of the date furnished to the City and continue to be true, accurate and complete as of the date hereof.

(Print or type name of individual or legal
entity--this should be the same name as given
in Section I(A) hereof)

By: _____
(sign here)

Title of signatory: _____

Print or type
name of signatory: _____

Date. _____, 199__

Subscribed to before me this ____ day of _____,
199__ at Cook County, Illinois.

Notary Public

Commission expires _____