

This agreement was prepared by and
after recording return to:

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SOUTHBRIDGE 9 MASTER OWNER LLC REDEVELOPMENT AGREEMENT

Southbridge 9 Master Owner LLC Redevelopment Agreement (this "**Agreement**") is made as of this 16th day of January, 2020, by and among the City of Chicago, an Illinois municipal corporation (the "**City**"), through its Department of Planning and Development ("**DPD**"), Southbridge 9 Master Owner LLC, an Illinois limited liability company (the "**Developer**"), and TCB Development Services, an Illinois limited liability company ("**TCB**"), wholly owned by The Community Builders, Inc., a Massachusetts not for profit corporation, and Southbridge 1-9 Housing LLC, an Illinois limited liability company ("**Southbridge 1-9**"). The Developer, TCB and Southbridge 1-9 may collectively be referred to hereinafter as the "**Developer Parties**."

RECITALS

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

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

C. City Council Authority: To induce redevelopment pursuant to the Act, the City Council of the City (the "**City Council**") adopted ordinances on July 21, 1999: (1) approving a redevelopment plan (the "**Redevelopment Plan**") for the 24th/Michigan Redevelopment Project Area (the "**Area**"); (2) designating the Area as a Redevelopment Project Area pursuant to the Act; and (3) adopting tax increment allocation financing for the Area (the "**TIF Adoption Ordinance**") (items (1)-(3) collectively referred to herein as the "**TIF Ordinances**"). The redevelopment project area referred to above (the "**Redevelopment Area**") is legally described in Exhibit A hereto.

To induce redevelopment pursuant to the Act, the City Council adopted the following ordinances on July 30, 1997: (1) "An Ordinance of the City of Chicago, Illinois Approving a Tax Increment Redevelopment Plan for the River South Redevelopment Project Area;" (2) "An Ordinance of the City of Chicago, Illinois Designating the River South Redevelopment Project Area as a Tax Increment Financing District;" and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the River South Redevelopment Project Area"

(the “**River South TIF Adoption Ordinance**”) (items (1)-(3) collectively referred to herein as the “**River South TIF Ordinances**,” the redevelopment plan approved by the River South TIF Ordinances is referred to herein as the “**River South Redevelopment Plan**” and the redevelopment project area created by the River South Ordinances is referred to herein as the “**River South Redevelopment Area**”).

D. The Project: The first phase of Southbridge will provide approximately two hundred six (206) residential housing units in twin mid-rise buildings which buildings are financed separately but concurrently. This Agreement relates to the financing of a sub-phase of that first phase, which sub-phase relates to that certain property owned or ground leased by the Developer and located within the Redevelopment Area commonly known at 2350 South State Street, Chicago, Illinois and legally described on **Exhibit B** hereto (the “**Property**”), and, within the time frames set forth in **Section 3.01** hereof, the Developer shall commence and complete the construction of one (1) mixed-use building on the Property which will consist of approximately one hundred three (103) residential housing units of which forty-three (43) units shall be for low-and-moderate-income families, sixty (60) shall be market-rate units, approximately five thousand six hundred (5,600) square feet, ground-floor commercial retail space constructed as a cold dark shell without tenant improvements, approximately three thousand (3,000) square feet of community space, approximately fifty-five (55) parking spaces, including approximately thirty-eight (38) spaces for the residential units, and approximately seventeen (17) spaces for retail, and related common areas (the “**Facility**”). The Facility and related improvements (including but not limited to those TIF-Funded Improvements as defined below and set forth on **Exhibit C** hereto) 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.

The Property will be ground leased from the CHA (defined below) to TCB, or such other entity deemed acceptable to DPD’s Commissioner, pursuant to the Ground Lease (defined below) and TCB will assign its interest as lessee under the Ground Lease to the Developer. The Developer will sub-lease the forty-three (43) affordable units to Southbridge 1-9 as the “Master Tenant,” pursuant to the Master Sub-Lease (defined below). For this Project, a condominium ownership structure will be used, and a condominium declaration will be executed and recorded once the units are constructed. It is anticipated that there will be seven (7) separate condominium units: one (1) unit consisting of the commercial space on the ground floor, one (1) unit consisting of all the market rate units in the Facility, and five (5) affordable condominium units (each affordable unit will consist of all the affordable units on a floor of the Facility).

E. Redevelopment Plan: The Project will be carried out in accordance with this Agreement and the Redevelopment Plan attached hereto as **Exhibit D** hereto.

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

In addition, as described in **Section 8.05** hereof, the City may, in its discretion, issue tax increment allocation bonds (“**TIF Bonds**”) secured by Incremental Taxes (as defined herein) pursuant to a TIF bond ordinance (the “**TIF Bond Ordinance**”), the proceeds of which (the “**TIF Bond Proceeds**”) may be used to pay for the costs of the TIF-Funded Improvements not

previously paid for from Available Incremental Taxes, or in order to reimburse the City for the costs of TIF-Funded Improvements; provided, however, that any such amendments shall not have a material adverse effect on the Developer Parties or the Project; provided, further, that the proceeds of TIF Bonds issued on a tax-exempt basis cannot be used as a source of City Funds or to repay the City Funds.

G. Transfer Rights: Pursuant to 65 ILCS 5/11-74.4-4(q) of the Act, the City can use incremental taxes (as hereinafter defined) from one redevelopment project area for eligible redevelopment project costs in another redevelopment project area that is either contiguous to, or is separated only by a public right of way from, the redevelopment project area from which those incremental taxes are received (the "**Transfer Rights**").

During the time period when the Redevelopment Area was contiguous with the River South Redevelopment Area, the City exercised its Transfer Rights pursuant to the Act and transferred a portion of the incremental taxes from the River South Redevelopment Area (the "**River South Incremental Taxes**") into the TIF Fund (as hereinafter defined) in order to make such incremental taxes available to fund certain TIF-Funded Improvements related to the Project, to the extent and in the manner hereinafter provided.

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

SECTION 1. RECITALS

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

SECTION 2. DEFINITIONS

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

"Annual Compliance Report" shall mean a signed report from the Developer to the City (a) itemizing each of the Developer's obligations under the Agreement during the preceding calendar year, (b) certifying the Developer's compliance or noncompliance with such obligations, (c) attaching evidence (whether or not previously submitted to the City) of such compliance or noncompliance and (d) certifying that the Developer is not in default with respect to any provision of the Agreement, the agreements evidencing the Lender Financing, if any, or any related agreements; provided, that the obligations to be covered by the Annual Compliance Report shall include the following: (1) delivery of Financial Statements and unaudited financial statements (Section 8.12); (2) delivery of updated insurance certificates, if applicable (Section 8.13); (3) delivery of evidence of payment of Non-Governmental Charges, if applicable (Section 8.14); (4) compliance with the Affordable Housing Covenant, if applicable (Section 8.19); (5) compliance with the Occupancy Covenant (Section 8.23); and (6) compliance with all other executory provisions of the Agreement.

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

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

“**Available Incremental Taxes**” shall mean an amount equal to the Incremental Taxes deposited in the TIF Fund attributable to the taxes levied on the Redevelopment Area, plus any amounts of River South Incremental Taxes which were transferred into said fund pursuant to the Transfer Rights and this Agreement, all as of the date any payment is made under this Agreement to any of the Developer Parties and not pledged to the following prior obligations in the Redevelopment Area:

OBLIGATION

SBIF

TIF Works

Wells Wentworth Connector

CPS IGA – NTA Athletic Field

Streetscape – Michigan Av 23rd-24th

Hilliard Homes – I

Hilliard Homes – II

“**Certificate**” shall mean the Certificate of Completion of Construction described in **Section 7.01** hereof.

“**CHA**” shall mean Chicago Housing Authority, an Illinois municipal corporation.

“**CHA Loan**” shall mean the loan from the CHA to the Developer in the original principal amount referenced on **Exhibit H** hereto.

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

“**City Council**” shall have the meaning set forth in the Recitals hereof.

“**City Funds**” shall mean the funds described in **Section 4.03(b)** hereof.

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

“**Construction Contract**” shall mean that certain contract entered into between certain of the Developer Parties and the General Contractor providing for construction of the Project.

“**Corporation Counsel**” shall mean the City's Office of Corporation Counsel.

“**Employer(s)**” shall have the meaning set forth in **Section 10** hereof.

“Environmental Laws” shall mean any and all federal, state or local statutes, laws, regulations, ordinances, codes, rules, orders, licenses, judgments, decrees or requirements relating to public health and safety and the environment now or hereafter in force, as amended and hereafter amended, including but not limited to (i) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.); (ii) any so-called **“Superfund”** or **“Superlien”** law; (iii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1802 et seq.); (iv) the Resource Conservation and Recovery Act (42 U.S.C. Section 6902 et seq.); (v) the Clean Air Act (42 U.S.C. Section 7401 et seq.); (vi) the Clean Water Act (33 U.S.C. Section 1251 et seq.); (vii) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.); (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (ix) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq.); and (x) the Municipal Code of Chicago, including but not limited to the Municipal Code of Chicago, Sections 7-28-390, 7-28-440, 11-4-1410, 11-4-1420, 11-4-1450, 11-4-1500, 11-4-1530, 11-4-1550, or 11-4-1560.

“Equity” shall mean funds of the any of the Developer Parties (other than funds derived from Lender Financing) irrevocably available for the Project, in the amount set forth in **Section 4.01** hereof, which amount may be increased pursuant to **Section 4.06** (Cost Overruns) or **Section 4.03(b)**.

“Escrow” shall mean the construction escrow established pursuant to the Escrow Agreement.

“Escrow Agreement” shall mean the Escrow Agreement establishing a construction escrow, entered into by the Title Company (or an affiliate of the Title Company), one or more of the Developer Parties, and the Developer’s lenders.

“Event of Default” shall have the meaning set forth in **Section 15** hereof.

“Facility” shall have the meaning set forth in the Recitals hereof.

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

“General Contractor” shall mean McShane Powers Joint Venture, an Illinois joint venture.

“Ground Lease” shall mean the ground lease between the CHA and TCB (or other entity acceptable to DPD’s Commissioner), as assigned, assumed and amended by and among CHA, TCB and Developer.

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

“HUD” shall mean the United States Department of Housing and Urban Development.

“Incremental Taxes” shall mean such ad valorem taxes which, pursuant to the TIF Adoption Ordinance and Section 5/11-74.4-8(b) of the Act, are allocated to and when collected are paid to the Treasurer of the City of Chicago for deposit by the Treasurer into the TIF Fund established pursuant to the TIF Adoption Ordinance to pay Redevelopment Project Costs and obligations incurred in the payment thereof.

“Lender Financing” shall mean funds borrowed by the Developer from lenders and irrevocably available to pay for Costs of the Project, in the amount set forth in **Section 4.01** hereof and on **Exhibit H**. The loans will be secured by, among other things, leasehold mortgages on the Property.

“Managing Member” shall mean Southbridge 1 Housing MM LLC, an Illinois limited liability company, the managing member of Southbridge 1-9.

“Master Sub-Lease” shall mean the Master Sub-Lease between the Developer, as landlord, and Southbridge 1-9, as tenant in connection with the forty-three (43) affordable units in the Project.

“MBE(s)” has the meaning defined in **Section 10.03**.

“MBE/WBE Program” has the meaning defined in **Section 10.03**.

“Municipal Code” shall mean the Municipal Code of the City of Chicago.

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

“Permitted Liens” shall mean those liens and encumbrances against the Property and/or the Project set forth on **Exhibit G** hereto.

“Plans and Specifications” shall mean final construction documents containing a site plan and working drawings and specifications for the Project, as submitted to the City as the basis for obtaining building permits for the Project.

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

“Project” shall have the meaning set forth in the Recitals hereof.

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

“Property” shall have the meaning set forth in the Recitals hereof.

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

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

“Requisition Form” shall mean the document, in the form attached hereto as **Exhibit K**, to be delivered by the Developer to DPD pursuant to **Section 4.04** of this Agreement.

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

“Senior Lender” shall mean Citibank, N.A., a national banking association.

“Senior Loan” shall mean the construction loan from Senior Lender to Developer in the original principal amount referenced on **Exhibit H**.

“Survey” shall mean a Class A plat of survey in the most recently revised form of ALTA/ACSM and 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 of Illinois, 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 Facility and related improvements as required by the City or lender(s) providing Lender Financing).

“Term of the Agreement” shall mean the period commencing on the Closing Date and ending on the date that is the thirty (30) year anniversary of the issuance of the Certificate.

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

“TIF Bonds” shall have the meaning set forth in the Recitals hereof.

“TIF Bond Ordinance” shall have the meaning set forth in the Recitals hereof.

“TIF Bond Proceeds” shall have the meaning set forth in the Recitals hereof.

“TIF Fund” shall mean the special tax allocation fund created by the City pursuant to the TIF Adoption Ordinance in connection with the Area into which the Incremental Taxes will be deposited.

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

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

“Title Company” shall mean Greater Illinois Title Company.

“Title Policy” shall mean 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 issued by the Title Company.

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

“WBE(s)” has the meaning defined in **Section 10.03**.

SECTION 3. THE PROJECT

3.01 The Project. With respect to the Facility, the Developer will: (i) begin redevelopment construction no later than six (6) months after the Closing Date, and (ii) complete redevelopment construction no later than thirty (30) months of the commencement of construction.

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

3.03 Project Budget. The Developer has furnished to DPD, and DPD has approved, a Project Budget showing total costs for the Project in the approximate amount of not less than \$42,241,000. The Developer hereby certifies to the City that together with the City Funds (a) it has Lender Financing and Equity in an amount sufficient to pay for all Project costs; and (b) the Project Budget is true, correct and complete in all material respects. The Developer shall promptly deliver to DPD certified copies of any Change Orders with respect to the Project Budget for approval pursuant to **Section 3.04** hereof.

3.04 Change Orders. All Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to changes to the Project must be submitted by the Developer to DPD. The Developer shall not authorize or permit the performance of any work relating to any Change Order or the furnishing of materials in connection therewith prior to the receipt by the Developer of DPD's written approval, which shall not be unreasonably withheld, conditioned or delayed. The Construction Contract, and each contract between the General Contractor and any subcontractor, shall contain a provision to this effect. An approved Change Order shall not be deemed to imply any obligation on the part of the City to increase the amount of City Funds which the City has pledged pursuant to this Agreement or provide any other additional assistance to the Developer.