

Contract Summary Sheet

Contract (PO) Number: 17363

Specification Number: 65342

Name of Contractor: LAKEFRONT ASSOCIATES I LLC

City Department: PLANNING & DEVELOPMENT

Title of Contract: Development: 42nd/Lake Park Ave.

Term of Contract: Start Date: 4/4/2007

End Date: 12/31/2026

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

\$4,900,000.00

Brief Description of Work: Development: 42nd/Lake Park Ave.

Procurement Services Contract Area: COMPTROLLER-OTHER

Vendor Number: 50517022

Submission Date: 4/22/08

DESIGNATION OF LAKEFRONT ASSOCIATES I L.L.C. AS
PROJECT DEVELOPER, AUTHORIZATION FOR EXECUTION
OF REDEVELOPMENT AGREEMENT AND ISSUANCE OF
CITY NOTES FOR CONSTRUCTION OF AFFORDABLE
HOUSING WITHIN LAKEFRONT TAX INCREMENT
FINANCING REDEVELOPMENT PROJECT AREA.

The Committee on Finance submitted the following report:

CHICAGO, February 7, 2007.

To the President and Members of the City Council:

Your Committee on Finance, having had under consideration an ordinance authorizing entering into and executing a redevelopment agreement with Lakefront Associates I L.L.C., amount of notes not to exceed \$4,900,000, having had the same under advisement, begs leave to report and recommend that Your Honorable Body Pass the proposed ordinance transmitted herewith.

This recommendation was concurred in by a viva voce vote of the members of the Committee.

Alderman Edward M. Burke abstained from voting pursuant to Rule 14 of the City Council's Rules of Order and Procedure.

Respectfully submitted,

(Signed) EDWARD M. BURKE,
Chairman.

On motion of Alderman Burke, the said proposed ordinance transmitted with the foregoing committee report was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Flores, Haithcock, Preckwinkle, Hairston, Lyle, Beavers, Harris, Beale, Pope, Balcer, Cárdenas, Olivo, T. Thomas, Coleman, L. Thomas, Rugai, Troutman, Brookins, Muñoz, Zalewski, Chandler, Solis, Ocasio, Burnett, E. Smith, Carothers, Reboyras, Suarez, Matlak, Mell, Austin, Colón, Banks, Mitts, Allen, Laurino, O'Connor, Doherty, Natarus, Daley, Tunney, Levar, Shiller, Schulter, M. Smith, Moore, Stone -- 47.

Nays -- None.

Alderman Beavers moved to reconsider the foregoing vote. The motion was lost.

Alderman Burke invoked Rule 14 of the City Council's Rules of Order and Procedure, disclosing that he had represented parties to this ordinance in previous and unrelated matters.

The following is said ordinance as passed:

WHEREAS, The City of Chicago ("City") is a home rule unit of government by virtue of the provisions of the Constitution of the State of Illinois of 1970 and, as such, may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, Pursuant to an ordinance adopted by the City Council ("City Council") of the City of Chicago (the "City") on March 27, 2002 and published at pages 81126 -- 81218 of the *Journal of the Proceedings of the City Council of the City of Chicago* (the "*Journal*") of such date, a certain redevelopment plan and project (the "Plan") for Lakefront Tax Increment Financing Redevelopment Project Area (the "Area") was approved pursuant to the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1, et seq.) (the "Act"); and

WHEREAS, Pursuant to an ordinance adopted by the City Council on March 27, 2002, and published at pages 81219 -- 81224 of the *Journal* of such date, the Area was designated as a redevelopment project area pursuant to the Act; and

WHEREAS, Pursuant to an ordinance (the "T.I.F. Ordinance") adopted by the City Council on March 27, 2002, and published at pages 81225 -- 81230 of the *Journal* of such date, tax increment allocation financing was adopted pursuant to the Act as a means of financing certain Area redevelopment project costs (as defined in the Act) incurred pursuant to the Plan; and

WHEREAS, Lakefront Associates I L.L.C., an Illinois limited liability company (the "Developer") has acquired in fee a portion of and will acquire a ninety-nine (99) year leasehold interest in another portion of certain property within the Area on a site generally located north of East 42nd Street, west of the Illinois Central rail line, south of East 40th Street and east of South Lake Park Avenue in Chicago (the "Property") and shall construct six (6) new buildings, which will collectively comprise sixty-eight (68) housing units, of which thirteen (13) units ("C.H.A. Units") will be sold to the Chicago Housing Authority ("C.H.A.") at purchase prices affordable to households at or below eighty percent (80%) of area-wide median income for the City of Chicago ("A.M.I.") for subsequent leasing to C.H.A. residents at affordable rents to households at or below eighty percent (80%) A.M.I., one (1) unit ("Affordable Unit") will be sold at an affordable purchase price to a household at or below eighty percent (80%) A.M.I., nineteen (19) units will be sold at below-market rates to

households at or below one hundred twenty percent (120%) of A.M.I., and thirty-five (35) units will be sold at market rates, and seventy-nine (79) parking spaces (the "Project"); and

WHEREAS, The Developer has proposed to undertake the redevelopment of the Property in accordance with the Plan and pursuant to the terms and conditions of a proposed redevelopment agreement to be executed by the Developer and the City, including but not limited to the acquisition of the Property and construction of the Project, to be financed in part by Available Incremental Taxes (as defined below); and

WHEREAS, Pursuant to Resolution 02-CDC-61 adopted by the Community Development Commission of the City of Chicago (the "Commission") on July 9, 2002, the Commission authorized the City's Department of Planning and Development ("D.P.D.") to negotiate a redevelopment agreement with the Developer for the Project and to recommend that the Developer be designated as the developer for the Project; and

WHEREAS, The Project is necessary for the redevelopment of the Area; now, therefore,

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

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

SECTION 2. The Developer is hereby designated as the developer for the Project pursuant to Section 5/11-74.4-4 of the Act.

SECTION 3. The Commissioner of D.P.D. (the "Commissioner") or a designee of the Commissioner are each hereby authorized, with the approval of the City's Corporation Counsel as to form and legality, to negotiate, execute and deliver a redevelopment agreement between the Developer and the City substantially in the form attached hereto as Exhibit A and made a part hereof (the "Redevelopment Agreement"), and such other supporting documents as may be necessary to carry out and comply with the provisions of the Redevelopment Agreement, with such changes, deletions and insertions as shall be approved by the persons executing the Redevelopment Agreement.

SECTION 4. The City Council of the City hereby finds that the City is authorized to issue its tax increment allocation revenue obligation in the maximum principal amount of Four Million Nine Hundred Thousand Dollars (\$4,900,000) to finance a portion of the eligible costs included within the Project.

SECTION 5. There shall be borrowed for and on behalf of the City a principal amount not to exceed Four Million Nine Hundred Thousand Dollars (\$4,900,000) for the payment of a portion of the eligible redevelopment project costs (as such

term is defined under the Act) included within the Project (such costs shall be known herein and in the Redevelopment Agreement "T.I.F.-Funded Improvements"). The borrowing shall be evidenced by two (2) tax-exempt notes of the City in the aggregate principal amount up to Four Million Nine Hundred Thousand Dollars (\$4,900,000), designated "Tax Increment Allocation Revenue Note (Lakefront Associates I L.L.C. Redevelopment Project), Tax-Exempt Series A" (the "City Notes"). The City Notes shall be substantially in the form attached to the Redevelopment Agreement as Exhibit J and made a part hereof, with such additions or modifications as shall be determined to be necessary by the Authorized Officer (the person duly appointed and serving as the Chief Financial Officer of the City being referred to herein as an "Authorized Officer", or if there is no Chief Financial Officer, then the City Comptroller) of the City, at the time of issuance to reflect the purpose of the issue. The City Notes shall be dated the date of delivery thereof, and shall also bear the date of authentication, shall be in fully registered form, shall be in the denomination of the outstanding principal amount thereof and shall become due and payable as provided therein. The proceeds of the City Notes are hereby appropriated for the purposes set forth in this Section 5.

The City Notes shall initially bear interest at a fixed interest rate per annum equal to the interest rate set forth in the Redevelopment Agreement, and shall provide for accrued, but unpaid, interest to bear interest at the same annual rate. Interest shall begin to accrue as of the date of issuance of the Certificate (as defined in the Redevelopment Agreement) and shall compound on January 1st of each year.

The principal of and interest on the City Notes shall be paid by check, draft or wire transfer of funds by the City Comptroller of the City, as registrar and paying agent (the "Registrar"), payable in lawful money of the United States of America to the persons in whose names the City Notes are registered at the close of business on the payment date, in any event no later than at the close of business on the fifteenth (15th) day of the month immediately after the applicable payment date; provided, that the final installment of the principal and accrued but unpaid interest of the City Notes shall be payable in lawful money of the United States of America at the principal office of the Registrar or as otherwise directed by the City on or before the maturity date.

The seal of the City shall be affixed to or a facsimile thereof printed on the City Notes, and the City Notes shall be signed by the manual or facsimile signature of the Mayor of the City and attested by the manual or facsimile signature of the City Clerk of the City, and in case any officer whose signature shall appear on the City Notes shall cease to be such officer before the delivery of the City Notes, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

The City Notes shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Registrar, as authenticating agent of the City for the City Note, and showing the date of authentication. The City

Notes shall not be valid or obligatory for any purpose or be entitled to any security or benefit under this ordinance unless and until such certificate of authentication shall have been duly executed by the Registrar by manual signature and, such certificate of authentication upon the City Notes shall be conclusive evidence that the City Notes have been authenticated and delivered under this ordinance.

SECTION 6. The City shall cause books (the "Register") for the registration and for the transfer of the City Notes (to the extent such transfer is permitted under the Redevelopment Agreement) as provided in this ordinance to be kept at the principal office of the Registrar, which is hereby constituted and appointed the registrar of the City for the City Notes. The City is authorized to prepare, and the Registrar shall keep custody of, multiple City Notes blanks executed by the City for use in the transfer of the City Notes.

Upon surrender for a transfer of a City Note authorized under the Redevelopment Agreement at the principal office of the Registrar, duly endorsed by, or accompanied by (i) a written instrument or instruments of transfer in form satisfactory to the Registrar, (ii) an investment representation in form satisfactory to the City and duly executed by, the registered owner or his attorney duly authorized in writing, (iii) the written consent of the City evidenced by the signature of the Authorized Officer (or his or her designee) and the Commissioner on the instrument of transfer, and (iv) any deliveries required under the Redevelopment Agreement, the City shall execute and the Registrar shall authenticate, date and deliver in the name of any such authorized transferee or transferees a new fully registered City Note of the same maturity, of authorized denomination, for the authorized principal amount of the City Note less previous retirements. The execution by the City of a fully registered City Note shall constitute full and due authorization of such City Note and the Registrar shall thereby be authorized to authenticate, date and deliver the City Note. The Registrar shall not be required to transfer or exchange a City Note during the period beginning at the close of business on the fifteenth (15th) day of the month immediately prior to the maturity date of the City Note nor to transfer or exchange a City Note after notice calling a City Note for prepayment has been made, nor during a period of five (5) days next preceding mailing of a notice of prepayment of principal of a City Note. No beneficial interests in a City Note shall be assigned, except in accordance with the procedures for transferring a City Note described above.

The person in whose name a City Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of and interest, if any, on such City Note shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such City Note to the extent of the sum or sums so paid.

No service charge shall be made for any transfer of a City Note, but the City or the Registrar may require payment of a sum sufficient to cover any tax or other

governmental charge that may be imposed in connection with any transfer of a City Note.

SECTION 7. Subject to the limitations set forth herein, the Authorized Officer is authorized to determine the terms of the City Notes and to issue the City Notes on such terms as the Authorized Officer may deem to be in the best interest of the City. The principal of the City Notes shall be subject to determination, reduction and prepayment as provided in the form of City Notes attached to the Redevelopment Agreement as (Sub)Exhibit J and as provided in the Redevelopment Agreement, including, without limitation, Sections 4.03 and 15.02. As directed by the Authorized Officer, the Registrar shall proceed with prepayment without further notice or direction from the City. The Registrar shall note on the Payment Schedule attached to the City Note the amount of any payment of principal or interest on such City Note, including the amount of any redemption or prepayment, and the amount of any reduction in principal pursuant to the Redevelopment Agreement.

SECTION 8. The City Note hereby authorized shall be executed as in this ordinance and the Redevelopment Agreement provided as soon after the passage hereof as may be practicable and consistent with the terms of the Redevelopment Agreement, and thereupon, be deposited with the Commissioner, and be by said Commissioner delivered to the Developer.

SECTION 9. Pursuant to the T.I.F. Ordinance, the City has created a special fund, designated as the Lakefront Tax Increment Financing Redevelopment Project Area Special Tax Allocation Fund (the "Fund"). The Authorized Officer of the City is hereby directed to maintain the Fund as a segregated interest-bearing account, separate and apart from the City's Corporate Fund or any other fund of the City. Pursuant to the T.I.F. Ordinance, all Incremental Taxes received by the City for the Area shall be deposited into the Fund.

There is hereby created within the General Account of the Fund a special subaccount to be known as the "Lakefront Associates I L.L.C. Project Account" (the "Project Account"). The City shall designate and deposit into the Project Account an amount equal to one hundred percent (100%) of the Incremental Taxes attributable to increases in the equalized assessed value of the tax parcels comprising the Property and deposited into the General Account from and after the year in which the Certificate (as defined in the Redevelopment Agreement) is issued (such amount, the "Available Incremental Taxes"). Subject to the terms and conditions of the Redevelopment Agreement, the City shall use the funds in the Project Account to make payments with respect to the City Notes until the City Notes have been fully repaid. In the event that an event of default under the Redevelopment Agreement entitles the City to permanently terminate further payments of City Funds (as defined in the Redevelopment Agreement) with respect to the City Notes, the City may in its discretion, return the amounts in the Project Account established above that would otherwise be allocated to the payment of the City Notes to the Fund of the City and the Project Account shall be closed.

The City hereby assigns, pledges and dedicates the Project Account, together with all amounts on deposit therein, to the payment of the principal of and interest, if any, on the City Notes when due under the terms of the Redevelopment Agreement. Upon deposit, the monies on deposit in the Project Account may be invested as hereinafter provided. Interest and income on any such investment shall be deposited in the Project Account. All monies on deposit in the Project Account shall be used to pay the principal of and interest on the City Notes, at maturity or upon payment or redemption prior to maturity, in accordance with its terms, which payments from the Project Account are hereby authorized and appropriated by the City. Upon payment of all amounts due under the City Notes and the Redevelopment Agreement in accordance with their terms (or the termination of the City's obligation to make such payments), the amounts on deposit in the Project Account, as applicable, shall be deposited in the Fund of the City and the Project Account shall be closed.

Notwithstanding any of the foregoing, payments on the City Notes will be subject to the availability of Available Incremental Taxes in the Project Account.

SECTION 10. The City Notes are special limited obligations of the City, and are payable solely from amounts on deposit in the Project Account and shall be a valid claim of the registered owner thereof only against said sources. The City Notes shall not be deemed to constitute an indebtedness or a loan against the general taxing powers or credit of the City, within the meaning of any constitutional or statutory provision. The registered owner(s) of the City Notes shall not have the right to compel any exercise of the taxing power of the City, the State of Illinois or any political subdivision thereof to pay the principal of or interest on the City Notes. The City's obligation to fully repay the City Notes is further limited by the terms and conditions of the Redevelopment Agreement.

SECTION 11. Monies on deposit in the Fund or the Project Account, as the case maybe, may be invested as allowed under Section 2-32-520 of the Municipal Code of the City of Chicago. Each such investment shall mature on a date prior to the date on which said amounts are needed to pay the principal of or interest on the City Notes.

SECTION 12. Pursuant to the Redevelopment Agreement, the Developer shall complete the Project. The eligible redevelopment project costs of the Project constituting T.I.F.-Funded Improvements up to the aggregate principal amount of Four Million Nine Hundred Thousand Dollars (\$4,900,000) shall be deemed to be a disbursement of the proceeds of the City Notes. Upon issuance, the City Notes shall have in the aggregate an initial principal balance equal to the Developer's prior expenditures for T.I.F.-Funded Improvements up to a maximum aggregate amount of Four Million Nine Hundred Thousand Dollars (\$4,900,000), as supported by a Certificate of Expenditures in accordance with the City Notes, and subject to the reductions described in the Redevelopment Agreement. After issuance, the principal amount outstanding under each City Note shall be the initial principal balance of such City Note, plus interest thereon, minus any principal amount and

interest paid on such City Note and other reductions in principal as provided in the Redevelopment Agreement.

SECTION 13. The Registrar shall maintain a list of the names and addresses of the registered owners from time to time of the City Notes and upon any transfer shall add the name and address of the new registered owner and eliminate the name and address of the transferor.

SECTION 14. The provisions of this ordinance shall constitute a contract between the City and the registered owner(s) of the City Notes. All covenants relating to the City Notes are enforceable by the registered owner(s) of the City Notes.

SECTION 15. The C.H.A. Units and the Affordable Unit shall be deemed to qualify as "Affordable Housing" for purposes of Chapter 16-18 of the Municipal Code of Chicago. C.H.A. has agreed to execute an affidavit or covenant to the City setting forth C.H.A.'s agreement to maintain the affordability of the C.H.A.. Units as set forth in that certain Declaration of Restrictive Covenants between the Developer and the C.H.A.. Section 2-44-090 of the Municipal Code of Chicago shall not apply to the Project or the Property.

SECTION 16. The Mayor, the Chief Financial Officer, the City Clerk, the Commissioner (or his or her designee) and the other officers of the City are authorized to execute and deliver on behalf of the City such other documents, agreements and certificates and to do such other things consistent with the terms of this ordinance as such officers and employees shall deem necessary or appropriate in order to effectuate the intent and purposes of this ordinance.

SECTION 17. 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 other provisions of this ordinance.

SECTION 18. All ordinances, resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflict. No provision of the Municipal Code or violation of any provision of the Municipal Code shall be deemed to impair the validity of this ordinance or the instruments authorized by this ordinance or to impair the security for or payment of the instruments authorized by this ordinance; provided further, however, that the foregoing shall not be deemed to affect the availability of any other remedy or penalty for violation of any provision of the Municipal Code.

SECTION 19. This ordinance shall be in full force and effect immediately upon its passage.

Exhibit "A" referred to in this ordinance reads as follows:

Ticor Title Insurance

**LAKE PARK CRESCENT PROJECT
LAKEFRONT ASSOCIATES I LLC**

REDEVELOPMENT AGREEMENT



0709634078

Doc#: 0709634078 Fee: \$334.00
Eugene "Gene" Moore RHSP Fee: \$10.00
Cook County Recorder of Deeds
Date: 04/06/2007 11:40 AM Pg: 1 of 74

BOX 15

9900 35041 NL 10 2/11

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- Exhibit A - Redevelopment Area Legal Description
- Exhibit B-1 - *Legal Description of the Property
- Exhibit B-2 - Site Plan for the Project
- Exhibit C-1 - *Project Budget
- Exhibit C-2 - *Construction (MBE/WBE) Budget
- Exhibit D - *TIF-Funded Improvements
- Exhibit E - Construction Contract
- Exhibit F - Approved Prior Expenditures
- Exhibit G - Permitted Liens
- Exhibit H - Opinion of Counsel for Lakefront Associates I LLC
- Exhibit I - Form of Payment and Performance Bond
- Exhibit J - Form of Notes
- Exhibit K - Form of City Recapture Mortgage

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

[leave blank 3" x 5" space for recorder's office]

This agreement was prepared by and
after recording return to:
Ann R. Perkins, Esq.
City of Chicago Law Department
121 North LaSalle Street, Room 600
Chicago, IL 60602

**LAKE PARK CRESCENT PROJECT
LAKEFRONT ASSOCIATES I LLC
REDEVELOPMENT AGREEMENT**

This Lakefront Associates I LLC Redevelopment Agreement (the "**Agreement**") is made as of this 4th day of April, 2007, by and between the City of Chicago, an Illinois municipal corporation (the "**City**"), through its Department of Planning and Development ("**DPD**"), and Lakefront Associates I LLC, an Illinois limited liability company ("**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 and create employment opportunities, and to enter into contractual agreements with private parties in order to achieve these goals.

B. **Statutory Authority:** The City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. (2002 State Bar Edition), as amended from time-to-time (the "**Act**"), to finance projects that eradicate blighted conditions through the use of tax increment allocation financing for redevelopment projects.

C. **City Council Authority:** To induce redevelopment under the provisions of the Act, the City Council of the City (the "**City Council**") adopted the following ordinances on

March 27, 2002: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the Lakefront Tax Increment Financing Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the Lakefront Tax Increment Financing Redevelopment Project Area as a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the Lakefront Tax Increment Financing Redevelopment Project Area" (the "**TIF Adoption Ordinance**"). Collectively the three ordinances are defined as the "**TIF Ordinances**." The redevelopment project area (the "**Redevelopment Area**") is legally described on Exhibit A.

D. The Project: The project contemplated by this Agreement consists of the for-sale portion of a larger redevelopment project that is anticipated to result in the new construction of 216 units of residential housing in a mixed-income residential housing development in the Redevelopment Area. This larger, 216 unit project is itself the first phase of the Chicago Housing Authority's three-phase Lakefront transformation project, which, when completed, is anticipated to result in the new construction of 490 residential units in the Redevelopment Area. The project contemplated by this Agreement consists of the construction of 68 units of for-sale housing on a site generally located north of East 42nd Street, west of the Illinois Central rail line, south of East 40th Street and east of S. Lake Park Avenue in Chicago, Illinois. 60653 (the "**Property**"). A legal description of the Property is set forth on Exhibit B-1. Developer plans to construct 6 new buildings, which will collectively comprise: 68 housing units, of which 13 will be CHA Units (herein defined), 1 will be an Affordable For Sale Unit (herein defined), 19 will be Below-Market For Sale Units (herein defined), and 35 will be Market-Rate For-Sale Units (herein defined); and 79 parking spaces (collectively defined as the "**Project**"). A site plan for the Project (the "**Site Plan**") is Exhibit B-2. As part of the overall Project, Developer will convey the CHA Units upon construction completion to the Chicago Housing Authority ("**CHA**"), which will operate such units as public housing rental units, all in accordance with the terms of that certain Ground Lease for a Portion of the Lake Park Crescent Phase IA Development dated April 4th, 2007 between the CHA and Developer ("**CityHomes Ground Lease**"); Ground Lease for a Portion of the Lake Park Crescent Phase IA Development dated April 4th, 2007 between the CHA and Developer ("**SixFlats Ground Lease**"); Contract of Purchase dated April 4th, 2007 made by and between the CHA and Developer ("**Contract of Purchase**"), Quit Claim Deed and Declaration of Restrictive Covenants dated April 4th, 2007 by and between the CHA and Developer for the benefit of the United States of America, acting by and through the Secretary of Housing and Urban Development Ground Lease, dated April 4th, 2007 ("**Declaration**" and together with the CityHomes Ground Lease, the SixFlats Ground Lease, the Contract of Purchase and the Quit Claim Deed, the "**CHA Agreements**"). The completion of the Project would not reasonably be anticipated to occur without the financing contemplated in this Agreement.

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

F. City Financing and Assistance: Subject to the terms and conditions of this Agreement, the City will issue the Notes to Developer in the amount stated in Section 4.03. The City will make payments of principal and interest on the Notes to reimburse Developer out of

Available Incremental Taxes for the cost of TIF-Funded Improvements. In addition, the City may, in its discretion, issue tax increment allocation bonds (“**TIF Bonds**”) secured by Incremental Taxes (as defined below) pursuant to a TIF bond ordinance (the “**TIF Bond Ordinance**”), at a later date as described and conditioned in Section 4.07 hereof. The proceeds of the TIF Bonds (the “**TIF Bond Proceeds**”) may be used to pay for the costs of the TIF-Funded Improvements not previously paid for from Available Incremental Taxes, including any such payment made under the Notes provided to Developer under this Agreement, or in order to reimburse the City for the costs of TIF-Funded Improvements.

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

AGREEMENT:

ARTICLE ONE: INCORPORATION OF RECITALS

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

ARTICLE TWO: DEFINITIONS

The following terms shall have the meanings herein set forth.

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

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

“**Affordable For Sale Unit**” shall mean the single For Sale Unit sold to a Qualified Household for an Affordable Price, as such terms are defined in Exhibit B to the City Recapture Mortgage attached hereto as Exhibit K and made a part hereof; provided that the number of units comprising the Affordable For Sale Unit is subject to modification as provided in Section 7.03.

“**AMI**” shall mean Chicago-area median income, adjusted for family (as defined in 24 C.F.R. Part 5.403) size, as determined from time to time by HUD.

“**Available Incremental Taxes**” means an amount equal to 100% of the Incremental Taxes (as defined below) deposited after the Closing Date in the Lakefront Redevelopment Project Area Special Tax Allocation Fund (as defined below) attributable to the taxes levied on the Property using the year 2002 as a base year for equalized assessed valuation.

“**Available Project Funds**” has the meaning defined for such phrase in Section 5.16(g).

“Below-Market Rate For Sale Units” means the 19 For-Sale Units that may be sold (i) at prices that (based on determinations by CHA and Habitat) do not exceed the price which is affordable to a household that makes up to 120% of the area median income, and (ii) without any income qualification or affordability requirements; provided that the number of units comprising the Below-Market Rate For Sale Units is subject to modification as provided in **Section 7.03**.

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

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

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

“Certificate of Expenditure(s)” means the certificate, in the form of **Exhibit J** hereto, issued by the City to increase the principal amount of the Notes.

“CHA” means the Chicago Housing Authority.

“CHA Residents” shall mean tenants who qualify as being eligible to occupy “public housing” as defined in Section 3(b) of the United States Housing Act of 1937, as amended and as may hereafter be amended from time to time or any successor legislation, together with all regulations implementing the same.

“CHA Units” shall mean the 13 units in the Project which, upon completion of construction, shall be conveyed to CHA at affordable prices (as set forth in the Contract of Purchase) and thereafter leased (or otherwise made available for occupancy) to CHA Residents; provided that the number of units comprising the CHA Units is subject to modification as provided in **Section 7.03**.

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

“City Contract” has the meaning defined in **Section 8.01(m)**.

“City Funds” means the funds described in **Section 4.03(a)**.

“City Group Member” has the meaning defined in **Section 8.10**.

“City Recapture Mortgage” shall mean the Mortgage, Security Agreement and Recapture Agreement Including Restrictive Covenants to be executed by purchasers of the Affordable For Sale Unit in favor of the City which shall be in substantially the form of **Exhibit K**.

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

“Condominium Act” shall mean the Illinois Condominium Property Act, 765 ILCS 605/1 et seq., as amended.

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

“Construction Program” has the meaning defined in Section 10.03.

“Corporation Counsel” means the City’s Office of Corporation Counsel.

“Developer” has the meaning defined in the Agreement preamble.

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

“Environmental Laws” means any and all Federal, State or local statutes, laws, regulations, ordinances, codes, rules, orders, licenses, judgments, decrees or requirements relating to public health and safety and the environment now or hereafter in force, as amended and hereafter amended, including but not limited to: (i) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.); (ii) any so-called “Superfund” or “Superlien” law; (iii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1802 et seq.); (iv) the Resource Conservation and Recovery Act (42 U.S.C. Section 6902 et seq.); (v) the Clean Air Act (42 U.S.C. Section 7401 et seq.); (vi) the Clean Water Act (33 U.S.C. Section 1251 et seq.); (vii) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.); (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (ix) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq.); and (x) the Municipal Code of Chicago, 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” means funds provided by Developer (other than funds derived from Lender Financing (as defined below)) available for the Project, in the amount stated in Section 4.01 hereof, which amount may be increased under Section 4.06 (Cost Overruns).

“Event of Default” has the meaning defined in Section 15.01.

“Existing Mortgages” has the meaning defined in Section 16.01.

“Financial Statements” means the financial statements regularly prepared by 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 delivered to the Lender(s) providing Lender Financing pursuant to Developer’s loan agreement(s), if any.

“For Sale Units” means collectively the Affordable For Sale Units, the Below-Market Rate For Sale Units and the Market Rate For Sale Units.

“General Contractor” means the general contractor(s) hired by Developer under Section 6.01.

“Governmental Charge” has the meaning defined in Section 8.18(a).

“**Habitat**” means The Habitat Company LLC and David E. Levin, jointly as the court-appointed receiver for CHA.

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

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

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

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

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

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

“**Investment Letter**” a customary Investment Letter provided by a Qualified Investor in connection with a Qualified Transfer.

“**Labor Department**” has the meaning defined in Section 8.08.

“**Lakefront Redevelopment Project Area Special Tax Allocation Fund**” means the special tax allocation fund created by the City in connection with the Redevelopment Area into which the Incremental Taxes will be deposited.

“**Lender Financing**” means funds borrowed by Developer from Lenders and available to pay for costs of the Project, in the amount stated in Section 4.01, if any.

“**Lenders**” means Citigroup USA, Inc., Draper and Kramer, Incorporated, and The Northern Trust Company.

“**Market Rate For Sale Units**” shall mean 35 For Sale Units that may be sold at the market rate without any income qualification or affordability requirements; provided that the number of units comprising the Market Rate For Sale Units is subject to modification as provided in Section 7.03.

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

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

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

“New Mortgage” has the meaning defined in Section 16.01.

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

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

“Notes” means the City of Chicago Tax Increment Allocation Revenue Notes (Lakefront Associates I LLC Redevelopment Project) Tax-Exempt Series A numbered R-1 and R-2 to be in the form attached hereto as Exhibit J and otherwise in accordance with the terms set forth in Section 4.03(c). The payment of the amounts due under the Notes will be secured only by Available Incremental Taxes, unless the City, in its sole discretion, elects to use other legally available funds to make payments with respect to the Notes.

“Permitted Liens” means those liens and encumbrances against the Building and/or the Project stated in Exhibit G.

“Permitted Mortgage” has the meaning defined in Section 16.01.

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

“Prior Expenditure(s)” has the meaning defined in Section 4.06.

“Procurement Program” has the meaning defined in Section 10.03.

“Project” shall have the meaning as set forth in the Recitals to this Agreement subject to change to the Modified Project as provided in Section 7.03 of this Agreement.

“Project Budget” means the budget stated in Exhibit C-1, showing the total cost of the Project by line item, as furnished by Developer to DPD, in accordance with Section 3.03.

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

“Qualified Transfer” means the sale or assignment of the Notes as long as (i) any sale or assignment is to a Qualified Investor with no view to resale or reassignment, or the City has given its prior written consent to such proposed sale or assignment, and (ii) any sale or assignment is subject to the terms and procedures of an Investment Letter.

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

“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.

“Remediation Agreement” means the Remediation Agreement, dated as of _____ between CHA and the Developer providing for the funding of the costs of environmental remediation by CHA.

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

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

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

“Term of the Agreement” means the period of time commencing on the Closing Date and ending on December 31, 2026, such date being the last day of the calendar year in which taxes levied in the year that is 23 years after the creation of the Redevelopment Area are paid.

“TIF-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 E.

“Title Company” means Ticor Title Insurance Company.

“Title Policy” means a title insurance policy in the most recently revised ALTA or equivalent form, showing 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 Project related to Lender Financing, if any, issued by the Title Company.

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

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

ARTICLE THREE: THE PROJECT

3.01 **The Project.** Developer will: (i) begin redevelopment construction no later than ninety days after the Closing Date, and (ii) complete redevelopment construction no later than 24 months following the Closing Date, subject to the provisions of Section 18.16 (Force Majeure).

3.02 **Scope Drawings and Plans and Specifications.** Developer has delivered the Scope Drawings and Plans and Specifications to DPD and DPD has approved them or DPD has agreed to approve them as a post-closing item. After such initial approval, subsequent proposed

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

3.03 Project Budget. Developer has furnished to DPD, and DPD has approved, a Project Budget which is Exhibit C-1, showing total costs for the Project (not including remediation costs which are being paid directly by CHA) estimated at \$29,042,000. Developer hereby certifies to the City that: (a) it has Lender Financing and/or 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. Developer will promptly deliver to DPD copies of any Change Orders with respect to the Project Budget as provided in Section 3.04. The costs of environmental remediation of the Property are not included in the Project Budget because such costs are being paid by CHA pursuant to the Remediation Agreement.

3.04 Change Orders. Except as provided in subparagraph (b) 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 Developer to DPD concurrently with the progress reports described in Section 3.07; provided, however, that any Change Orders relating to any of the following must be submitted by Developer to DPD for DPD's prior written approval: (i) a reduction by more than five percent (5%) in the square footage of the Project, or (ii) a change in the basic use of the Property and improvements, (iii) an increase in the Project budget by more than 10% or (iv) a delay in the Project completion date of more than 120 days. DPD will respond to Developer's request for written approval within 30 days from receipt of such request by granting or denying such request or by requesting additional information from Developer. If DPD does not respond to Developer's request, and if Developer has complied with the requirements for notice stated in Section 17.02, then Developer's request will be deemed to have been approved by DPD. Developer will 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 Developer of DPD's written approval. The Construction Contract, and each contract between the General Contractor and any subcontractor, will contain a provision to this effect. An approved Change Order will not be deemed to imply any obligation on the part of the City to increase the amount of City Funds or to provide any other additional assistance to Developer.

3.05 DPD Approval. Any approval granted by DPD under this Agreement of the Scope Drawings, Plans and Specifications and the Change Orders is for the purposes of this Agreement only, and any such approval does not affect or constitute any approval required by any other City department or under any City ordinance, code, regulation, or any other governmental approval, nor does any such approval by DPD under this Agreement constitute approval of the utility, quality, structural soundness, safety, habitability, or investment quality of 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 will have no effect upon, nor will it operate as a waiver of, Developer's obligations to comply with the provisions of **Section 5.03** (Other Governmental Approvals).

3.07 **Progress Reports and Survey Updates.** After the Closing Date, on or before the 15th day of each reporting month, Developer will provide DPD with written quarterly construction progress reports detailing the status of the Project, including a revised completion date, if necessary (with any delay in completion date beyond the term specified in **Section 3.01** being considered a Change Order, requiring DPD's written approval under **Section 3.04**). Developer must also deliver to the City written progress reports by draw, but not less than quarterly, detailing compliance with the requirements of **Section 8.08** (Prevailing Wage), **Section 10.02** (City Resident Construction Worker Employment Requirement) and **Section 10.03** (Developer's MBE/WBE Commitment). If the reports reflect a shortfall in compliance with the requirements of **Sections 8.08, 10.02 and 10.03**, then there must also be included a written plan from Developer acceptable to DPD to address and cure such shortfall. At Project completion, upon the request of DPD, Developer will provide 3 copies of an updated Survey to DPD reflecting improvements made to the Property.

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

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

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

3.11 **Utility Connections.** Developer may connect all on-site water, sanitary, storm and sewer lines constructed as a part of the Project to City utility lines existing on or near the perimeter of the Property, provided 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, Developer is obligated to pay only those building, permit, engineering, tap on, utility connection 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; provided that the City of Chicago agrees to waive all

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

3.07 **Progress Reports and Survey Updates.** After the Closing Date, on or before the 15th day of each reporting month, Developer will provide DPD with written quarterly construction progress reports detailing the status of the Project, including a revised completion date, if necessary (with any delay in completion date beyond the term specified in **Section 3.01** being considered a Change Order, requiring DPD's written approval under **Section 3.04**). Developer must also deliver to the City written progress reports by draw, but not less than quarterly, detailing compliance with the requirements of **Section 8.08** (Prevailing Wage), **Section 10.02** (City Resident Construction Worker Employment Requirement) and **Section 10.03** (Developer's MBE/WBE Commitment). If the reports reflect a shortfall in compliance with the requirements of **Sections 8.08, 10.02 and 10.03**, then there must also be included a written plan from Developer acceptable to DPD to address and cure such shortfall. At Project completion, upon the request of DPD, Developer will provide 3 copies of an updated Survey to DPD reflecting improvements made to the Property.

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

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

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

3.11 **Utility Connections.** Developer may connect all on-site water, sanitary, storm and sewer lines constructed as a part of the Project to City utility lines existing on or near the perimeter of the Property, provided 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, Developer is obligated to pay only those building, permit, engineering, tap on, utility connection 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; provided that the City of Chicago agrees to waive all

building, permit, engineering, tap on, utility connection and inspection fees related to the Affordable For Sale Unit and the CHA Units.

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

ARTICLE FOUR: FINANCING

4.01 **Total Project Cost and Sources of Funds.** The cost of the Project is estimated at \$29,042,000 to be applied in the manner stated in the Project Budget. Such costs will be funded from the following sources when all anticipated Project financing has been completed:

Equity (subject to Section 4.06)	\$ 1,869,000
Lender Financing	\$27,173,000
ESTIMATED TOTAL	\$29,042,000

Costs of environmental remediation of the Property are being paid directly by CHA and are not included in the amounts above.

4.02 **Developer Funds.** Equity and Lender Financing, if any, will be used to pay all Project costs, including but not limited to costs of TIF-Funded Improvements.

4.03 **City Funds.**

(a) **Uses of City Funds.**

(i) Any principal or interest paid under the Notes, and any other funds expended by the City under this Agreement or otherwise related to the Project or to the TIF-Funded Improvements are defined as “City Funds.”

(ii) City Funds may be used to reimburse Developer only for costs of TIF-Funded Improvements that constitute Redevelopment Project Costs. **Exhibit D** states, by line item, the TIF-Funded Improvements for the Project contingent upon receipt by the City of documentation satisfactory in form and substance to DPD evidencing such costs and their respective eligibility as a Redevelopment Project Cost. Reimbursement of costs through City Funds will be in the form of payment of principal and interest under the Notes.

(b) **Sources of City Funds - City Notes.** Subject to the terms and conditions of this Agreement, including but not limited to this **Section 4.03** and **Article Five**, the City hereby agrees to issue the Notes for up to \$4,900,000 to be issued as of the date of issuance of the Certificate. The principal amount of the Notes will be in an amount not greater than the costs of the TIF-Funded Improvements which have been incurred by Developer and are to be reimbursed by the City through payments of principal and interest on the Notes, subject to the provisions of this

Agreement. Any payments under the Notes are subject to the amount of Available Incremental Taxes and Incremental Taxes for the Redevelopment Area, as applicable, being sufficient for such payments.

(c) Issuance of the Notes. The City will issue the Notes registered in the name of the Developer. The City will issue not more than two Notes (not to exceed principal amounts as requested by Developer), numbered from R-1 consecutively upward, with the following terms and conditions:

(i) Principal. The aggregate principal balance for the Notes will be equal to the cost of TIF-Funded Improvements incurred by Developer prior to the issuance date, up to a maximum amount of \$4,900,000, subject to a reduction with respect to a Modified Project as set forth in Section 7.03(c). Such balance will be determined by the Certificate(s) of Expenditure issued by the City in the form of Exhibit J, upon Developer providing satisfactory evidence of expenditures for TIF-Funded Improvements and compliance with the applicable requirements and terms and conditions of this Agreement.

(ii) Interest. When issued, the interest rate for the Notes will be set as follows: on the date of issuance of the Notes, the interest rate will be equal to the average rate for the 15-day period preceding issuance of the Notes based on the 20-year AAA G.O. Bond rate as published by Bloomberg, plus a margin of 250 basis points, but in no event will such interest rate be greater than 7.5% per annum and interest on the Notes will be tax-exempt. The City will file IRS Form 8038G and take such other typical steps to assure tax-exempt status of the interest on the Notes.

(iii) Term. The Notes will be issued as of the date of issuance of the Certificate and will have a term of 20 years, provided, however, that the final maturity of the Notes shall be December 31, 2026.

(iv) Payments of Principal and Interest.

(A) Interest on the Notes will begin to accrue on the date of issuance and principal will be payable in accordance with the amortization schedule attached to the Notes in Exhibit J.

(B) Payments of principal and interest will be made annually on February 1.

(C) Except as may be otherwise provided in this Agreement, Available Incremental Taxes only will be used to pay the principal of and interest on the Notes and on unpaid interest, if any. In the ordinance authorizing the issuance of the Notes, the City established an account denominated the: "Lakefront Associates I LLC Account" within the Lakefront Redevelopment Project Area Special Tax Allocation Fund. All Available Incremental Taxes will be deposited into the Lakefront Associates I LLC Account. Available Incremental Taxes will be applied by the City on each

February 1 as follows: (I) first, payment of due and unpaid interest and principal due and payable on Note numbered R-1; (II) second, payment of due and unpaid interest and principal due and payable on Note numbered R-2.

(D) After the principal and interest on the Notes have been paid in full and the Notes canceled according to their terms, then the Lakefront Associates I LLC Account will be closed and all subsequent Available Incremental Taxes will be deposited by the City in the Lakefront Redevelopment Project Area Special Tax Allocation Fund.

(v) Insufficient Available Incremental Taxes. If the amount of Available Incremental Taxes pledged under this Agreement is insufficient to make any scheduled payment on the Notes, then: (1) the City will not be in default under this Agreement or the Notes, and (2) due but unpaid scheduled payments (or portions thereof) on the Notes will be paid as provided in this Section 4.03 as promptly as funds become available for their payment. Interest per annum at the rate set when the Notes are issued will accrue on any principal or interest payments which are unpaid because of insufficient Available Incremental Taxes. If the amount of Available Incremental Taxes pledged under this Agreement is insufficient to pay the Notes in full on the Maturity Date such amount shall continue to be owed under the Notes until February 1, 2027 and the City agrees to apply Available Incremental Taxes on February 1, 2027 to payment of any such amounts as permitted by the Act.

(vi) Prepayment of the Notes by the City and Related Lock Out Period. The City may prepay the Notes at any time without premium or penalty, subject to a five-year (60 month) period (the “Lock-Out Period”) which will begin upon issuance of the Notes. During the Lock-Out Period, the City will not prepay the Notes, unless this Lock-Out Period restriction is formally waived by the Notes holder(s). Upon expiration of the Lock-Out Period, the City may prepay the then current balance of the Notes without any restrictions or conditions, together with any accrued interest.

(vii) Sale or Transfer of the Notes. After issuance, the Notes may be sold or assigned in a Qualified Transfer.

(viii) No Cessation of Note Payments. Notwithstanding anything to the contrary contained in this Agreement, after a Qualified Transfer of the Notes in compliance with Section 4.03(c)(vii) above, if an Event of Default occurs, the City will, notwithstanding such Event of Default, continue to make payments with respect to the Notes.

(ix) Costs of Issuance of the Notes. Developer will be responsible for paying all legal and issuance costs in relation to the Notes, including all costs of bond counsel.

- (d) Reduction of Notes Principal. The City will be entitled to a reduction in the maximum authorized principal amount of the Notes in an amount equal to 50% of the Excess Profit (as defined below), to be determined prior to the issuance of the Certificate and the Notes. Excess Profit will be calculated at the time of issuance of the Certificate based on sales and closings which are required as a condition to issuance of such Certificate pursuant to Section 7.01 (b) in accordance with the following formulas:

“Excess Profit” = Actual Profit - Threshold Profit

“Threshold Profit” = 15% X Actual Project Costs

“Actual Profit” = Net Sales Proceeds + TIF Assistance - Actual Project Costs

Definitions:

“Net Sales Proceeds” means Actual Sales Proceeds minus actual sales commissions and closing costs. **“Actual Sales Proceeds”** means all income generated by the Project, including but not limited to the proceeds from the sale of residential units, parking spaces, and upgrades to residential units.

“Actual Project Costs” means all hard and soft costs actually expended to implement the Project, exclusive of sales commissions, closing costs, developer fee, overhead and profit, provided that if the Developer acts as the general contractor, the overhead and profit of the Developer serving as general contractor shall continue to be considered a Project cost. The Developer must prove up such costs to the satisfaction of the City.

TIF Assistance shall be the lesser of \$4,900,000 or the amount of TIF-eligible costs certified to the Notes.

4.04 Sale or Transfer of the Property or Project by Developer.

(a) Prior to the Date of Issuance of the Certificate. Except as provided in Section 4.04(c) and Section 16.01(a), Developer must obtain the prior approval of the City for any sale or transfer of any part of the Property or the Project prior to the issuance of the Certificate. Such approval by the City will be subject to the reasonable discretion requirement stated in Section 18.19.

(b) After the Date of Issuance of the Certificate, But Prior to the Date when the Notes are Paid. Subject to Section 4.04(c) below, after the date of the Certificate, but prior to the date when the Notes are paid, Developer need not obtain prior approval for any sale or transfer of any part of the Property or the Project. Developer must, however, notify the City not less than 60 days before any closing of sale of Developer’s intention to sell any part of the Property or the Project. Developer must provide the City with true and correct copies of any contract for sale and related documents as part of such notice.

(c) Sales of Assets or Equity. For purposes of this Section 4.04, the phrase: “sale or transfer of any part of the Property or Project” includes any sales or transfers which are a part of

the sale or transfer of all or substantially all of Developer's assets or equity. The foregoing restrictions of this **Section 4.04** do not apply to the planned sale of (i) the For Sale Units to end-users, and (ii) the CHA Units to CHA.

4.05 **Treatment of Prior Expenditures.** Only those expenditures made by 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, will be considered previously contributed Equity or Lender Financing, if any, hereunder (the "**Prior Expenditure(s)**"). DPD has the right, in its sole discretion, to disallow any such expenditure (not listed on **Exhibit F**) as a Prior Expenditure as of the date hereof. **Exhibit F** states the prior expenditures approved by DPD as Prior Expenditures. Prior Expenditures made for items other than TIF-Funded Improvements will not be reimbursed to Developer, but will reduce the amount of Equity and/or Lender Financing, if any, required to be contributed by Developer under **Section 4.01**.

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

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

ARTICLE FIVE: CONDITIONS PRECEDENT

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

5.01 **Project Budget.** DPD has approved a Project Budget in accordance with the provisions of **Section 3.03**.

5.02 **Scope Drawings and Plans and Specifications.** Developer has submitted to DPD, and DPD has approved, the Scope Drawings and Plans and Specifications as provided in **Section 3.02**.

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

5.04 **Financing.**

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

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

(c) Any financing liens against the Property and Project in existence at the Closing Date will be subordinated to certain encumbrances of the City stated in this Agreement under a subordination agreement, in a form acceptable to the City, executed on or prior to the Closing Date, which is to be recorded, at the expense of Developer, in the Office of the Recorder of Deeds of Cook County.

(d) The City agrees that the Notes (including any Certificates of Expenditure) and the Redevelopment Agreement may be assigned on a collateral basis to any Lender or Lenders providing Lender Financing, if any.

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

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

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

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

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

5.08 **Insurance.** Developer, at its own expense, will have insured the Property and the Project as required under **Article Twelve**. Prior to the Closing Date, certificates required under **Article Twelve** evidencing the required coverages will have been delivered to DPD.

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

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

5.11 **Financial Statements.** Developer will have provided Financial Statements to DPD for its 2005 and 2006 fiscal years, if available, and its most recently available unaudited interim Financial Statements.

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

5.13 **Environmental Audit.** Developer will have provided DPD with copies of all phase I environmental audits completed with respect to the Property, if any, and a letter from the environmental engineer(s) who completed such audit(s), authorizing the City to rely on such audits.

5.14 **Entity Documents.** Developer will provide a copy of the current Certificate of Formation for Developer, with all amendments, containing the original certification of the Secretary of State of its state of organization; certificates of good standing from the Secretary of State of its state or organization and all other states in which Developer is qualified to do business; the current Limited Liability Company Agreement for Developer; a secretary's certificate in such form and substance as the Corporation Counsel may require; and such organizational documentation as the City may request.

5.15 **Litigation.** Developer will provide to Corporation Counsel and DPD 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 Accepting Certificates of Expenditure.** Prior to the acceptance by DPD of any Certificate of Expenditure under the Notes, Developer must submit to

DPD documentation of such expenditures (in the form of waivers of lien, canceled checks, closing statements, or such other documentation as DPD may reasonably require), which will be satisfactory to DPD. Delivery by Developer to DPD of any Certificate of Expenditure hereunder will, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such request for disbursement, that:

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

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

(c) Developer has approved all work and materials for the current certificate and, to the reasonable belief of Developer, such work and materials conform to the Plans and Specifications;

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

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

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

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

The City will not execute any Certificate of Expenditure for the Notes unless Developer has satisfied the City that Developer has complied, or is implementing a plan to comply, with the requirements of Sections 8.08, 10.02 and 10.03. The City will have the right, in its reasonable discretion, to require 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 acceptance of a Certificate of Expenditure by the City will be subject to the City’s review and approval of such documentation and its satisfaction that such certifications are true and correct. In addition, Developer will have satisfied all other requirements relating to use of City Funds, including but not limited to requirements not inconsistent with this Agreement and stated in the TIF Bond Ordinance, if any, the Bonds, if any, the TIF Bonds, if any, the TIF Ordinances, the Notes, and this Agreement.

ARTICLE SIX: AGREEMENTS WITH CONTRACTORS

6.01 Bid Requirement for General Contractor and Subcontractors.

(a) DPD acknowledges that Developer has selected Brownstone Construction LLC as the General Contractor for the Project. Developer will contractually obligate the General Contractor to solicit bids for work on the Project solely from qualified subcontractors eligible to do business with the City of Chicago.

(b) Developer must submit copies of the Construction Contract to DPD as required under Section 6.02 below. Upon the written request of DPD, the General Contractor will provide photocopies of all subcontracts entered or to be entered into in connection with the Project within five (5) Business Days of the execution thereof. The Developer will contractually obligate the General Contractor to not (and to ensure that the subcontractors will not) begin work on the Project (or any phase thereof) until the applicable Plans and Specifications for that phase have been approved by DPD and all requisite permits have been obtained.

6.02 Construction Contract. Prior to the execution thereof, Developer must deliver to DPD a copy of the proposed Construction Contract with the General Contractor selected to work on the Project, for DPD's prior written approval. Following execution of such contract by the Developer, the General Contractor and any other parties thereto, Developer must 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 of any work in the public way, Developer will require any subcontractor(s) performing such work in the public way to be bonded (as to such work in the public way) for their respective payment and performance under their subcontract by sureties having an AA rating or better using the bond form attached as Exhibit I. The City will be named as obligee or co-obligee on such bond.

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

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

ARTICLE SEVEN: COMPLETION OF CONSTRUCTION

7.01 Certificate of Completion of Construction.

(a) Upon completion of the construction of the Project in compliance with the terms and conditions of this Agreement as evidenced by the satisfaction of the conditions set forth in Section 7.01 (b), and upon Developer's written request, DPD will issue to Developer a certificate of completion of construction in recordable form (the "Certificate") certifying that Developer has fulfilled its obligation to complete the Project in compliance with the terms and conditions of this Agreement. DPD will respond to Developer's written request for a Certificate within 30 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 Developer in order to obtain the Certificate. Developer may resubmit a written request for a Certificate upon completion of such measures, and the City will respond within 30 days in the same way as the procedure for the initial request. Such process may repeat until the City issues a Certificate.

(b) The following must be satisfied by the Developer as conditions to issuance of a Certificate:

(i) the City's Monitoring and Compliance unit has determined in writing that the Developer is in complete compliance with all City requirements (M/WBE, City residency and prevailing wage) as required in this Agreement;

(ii) all housing units in the Project or Modified Project, as the case may be, are built;

(iii) the sale and closing of the Affordable For-Sale Unit, all of the CHA Units and 75% of the remaining For Sale Units;

(iv) a Certificate of Occupancy for all For Sale Units as to which the sale and closing has not yet occurred; and

(v) excess profit calculations have been completed in accordance with Section 4.03 based on the sales of units as described in subparagraph (iii) above and the principal amounts of the Notes have been adjusted accordingly.

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 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 must not be construed as a waiver by the City of any of its rights and remedies under such executory terms.

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

7.03 **Failure to Complete.** If Developer fails to timely complete the Project in compliance with the terms of Section 7.01 (b) of this Agreement, then the City will have, but will not be limited to, any of the following rights and remedies:

(a) the right to terminate this Agreement and cease all disbursement of City Funds not yet disbursed under this Agreement;

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

(c) the right to seek reimbursement of the City Funds from 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 TIF Bonds.

The CHA Agreements provide that upon the occurrence of certain events CHA is authorized to terminate the CHA Agreements or obtain a reconveyance with respect to portions of the Project and thereby terminate Developer's interest in the Property and the ability to construct portions of the Project. In the event of such termination with respect to a portion of the Project, the Developer shall promptly notify the City and on such notification the Developer's obligations under this Agreement with respect to such portions of the Project shall terminate and the definition of Project for purposes of this Agreement shall include only those units constructed on portions of the Project for which the CHA Agreements have not been terminated (the "**Modified Project**"). Notwithstanding any provision hereof to the contrary and provided that the Modified Project shall be in compliance with requirements of the Act, the Developer shall have satisfied its obligations with respect to completion and the Certificate shall be issued on satisfaction of the requirements for completion with respect to such Modified Project. The City agrees to issue the Notes pursuant to Section 4.03(c) for all Redevelopment Project Costs with respect to the Modified Project incurred by the Developer, provided however that the maximum aggregate principal amount of the Notes shall be that percentage of the cap of \$4,900,000 that represents the number of CHA Units and Affordable For Sale Units completed out of 14.

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

7.05 **Release of Agreement as to Conveyed For-Sale Units.** DPD shall provide the Developer, at the Developer's written request delivered from time to time in connection with the sale of the Below-Market Rate For Sale Units and the Market Rate For Sale Units in accordance with the terms of this Agreement, with a written partial release in recordable form stating this Agreement is no longer an encumbrance against any such units so as to enable the Developer to deliver good and marketable title to such units.

ARTICLE EIGHT: REPRESENTATIONS, WARRANTIES AND COVENANTS OF DEVELOPER.

8.01 **General.** Developer represents, warrants, and covenants, as of the date of this Agreement and as of the date of issuance of either of the Notes, that:

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

(b) Developer's sole member is Draper and Kramer, Incorporated, an Illinois corporation;

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

(d) The execution, delivery and performance of this Agreement has been duly authorized by all necessary action, and does not and will not violate Developer's Certificate of Formation as amended and supplemented, its Limited Liability Company Agreement, any applicable provision of law, or constitute a breach of, default under or require any consent under any agreement, instrument or document to which Developer is now a party or by which Developer or any of its assets is now or may become bound;

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

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

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

(h) Developer has or will acquire as necessary and will maintain all government permits, certificates and consents (including, without limitation, appropriate environmental approvals) necessary to conduct its business and to construct, complete and operate the Project;

(i) 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 Developer is a party or by which Developer or any of its assets is bound which would materially adversely effect its ability to comply with its obligations under this Agreement;

(j) 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 Developer; and there has been no material adverse change in the assets, liabilities, results of operations or financial condition of Developer since the date of Developer's most recent Financial Statements;

(k) prior to the issuance of a Certificate, if it would materially adversely affect Developer's ability to perform its obligations under this Agreement, Developer will 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 (directly or indirectly) of all or substantially all of its assets or any portion of the Property or the Project (including but not limited to any fixtures or equipment now or hereafter attached thereto) except in the ordinary course of business or in accordance with Section 4.04; (3) enter into any transaction outside the ordinary course of 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 Developer's financial condition;

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

(m) 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 under City ordinance, for services to any City agency ("City Contract") as an inducement for the City to enter into the Agreement or any City Contract with Developer in violation of Chapter 2-156-120 of the Municipal Code of the City, as amended.

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, and Developer's receipt of all required building permits and governmental approvals, Developer will redevelop the Property in compliance with this Agreement, the CHA Agreements, the TIF Ordinances, the Ground Lease, the Scope Drawings, the Plans and Specifications, the Project Budget and all amendments thereto, and all Federal, State and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project and/or Developer. Specifically, the Developer shall:

- (a) construct the improvements constituting the For Sale Units, the CHA Units, and the parking spaces in accordance with the Recitals and Section 8.19;
- (b) fund the construction of the Project in accordance with Section 4.01;
- (c) convey the CHA Units to CHA in accordance with the CHA Agreements;

- (d) sell the Affordable For Sale Unit to a Qualified Household at an Affordable Price (as such terms are defined in Exhibit B to the City Recapture Mortgage), cause each such buyer to execute a City Recapture Mortgage, and cause such City Recapture Mortgage to be recorded at the time of the closing of such sale;
- (e) sell the Market Rate For Sale Units to private purchasers at prices determined by Developer and sell the Below Market Rate Units at prices determined by CHA and Habitat as not exceeding the price which is affordable to a household that makes up to 120% of the area median income, and without any other income qualification or affordability requirements; and
- (f) cause its General Contractor (or, if such work is subcontracted or handled by a third party, such subcontractor or third party) to complete such work and provide such cooperation with the City and CHA as may be necessary to receive one or more NFRLs as may be necessary or appropriate to cover the entire Property.

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

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

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

8.05 Other Bonds. At the request of the City, and subject to the Lock-Out Period during which prepayment of the Notes is prohibited, Developer will 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) TIF Bonds or other bonds ("**Bonds**") in connection with the Project or the Redevelopment Area, 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 will not have a material adverse effect on Developer or the Project. Developer will 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 its preparation of an offering statement with respect thereto. Developer will not have any liability with respect to any disclosures made in connection with any such issuance that are actionable under applicable securities laws unless such disclosures are based on factual information provided by Developer that is determined to be false and misleading.

8.06 Employment Opportunity.

(a) Developer covenants and agrees to abide by, and contractually obligate and use reasonable efforts to cause the General Contractor and, as applicable, to cause the General Contractor to contractually obligate each subcontractor to abide by the terms set

forth in **Section 8.08** and **Article Ten**. Developer will submit to DPD a plan describing its compliance program prior to the Closing Date.

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

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

8.08 **Prevailing Wage.** Developer covenants and agrees to contractually obligate the General Contractor to pay and to contractually cause each subcontractor to pay, the prevailing wage rates issued by the United States Department of Labor (the "Labor Department") under the Davis-Bacon Act, 40 U.S.C. Section 276a et seq. to all of their respective employees working on constructing the Project or otherwise completing the TIF-Funded Improvements. All such contracts will list the specified rates to be paid to all laborers, workers and mechanics for each craft or type of worker or mechanic employed pursuant to such contract. If the Labor Department revises such prevailing wage rates, the revised rates will apply to all such contracts. Upon the City's request, Developer will provide the City with copies of all such contracts entered into by Developer or the General Contractor to evidence compliance with this **Section 8.08**.

8.09 **Arms-Length Transactions.** No Affiliate of 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 unless DPD has given its prior written consent with respect thereto. Developer will provide information with respect to any entity to receive City Funds directly or indirectly (whether through payment to an Affiliate by Developer and reimbursement to Developer for such costs using City Funds, or otherwise), upon DPD's request, prior to any such disbursement.

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

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

8.12 **Financial Statements.** Developer will obtain and provide to DPD Financial Statements for Developer's fiscal year ended 2005 or 2006, as applicable, and each yearly thereafter for the Term of the Agreement. In addition, if requested by DPD, Developer will

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.

8.13 **Insurance.** Solely at its own expense, Developer will comply with all provisions of **Article Twelve** hereof.

8.14 **Non-Governmental Charges.**

(a) **Payment of Non-Governmental Charges.** Except for the Permitted Liens, and subject to subsection (b) below, Developer agrees to pay or cause to be paid when due any Non-Governmental Charges assessed or imposed upon the Project, or any fixtures that are or may become attached thereto and which are owned by Developer, which create, may create, or appear to create a lien upon all or any portion of the Project; **provided however, that** if such Non-Governmental Charges may be paid in installments, 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. Developer will furnish to DPD, within thirty (30) days of DPD's request, official receipts from the appropriate entity, or other evidence satisfactory to DPD, evidencing payment of the Non-Governmental Charges in question.

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

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

(ii) 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 will require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such transfer or forfeiture of the Property or any portion thereof or any fixtures that are or may be attached thereto, during the pendency of such contest, adequate to pay fully any such contested Non-Governmental Charges and all interest and penalties upon the adverse determination of such contest.

(c) **Applicability After Conversion to Condominium Units.** This **Section 8.14** shall not apply to Non-Governmental Charges payable by, or contestable by other owners of individual condominium units after such time as such unit owners, under the terms of their purchase contracts and/or the condominium declaration, become responsible for the payment of Non-Governmental Charges attributable to their respective units.

8.15 **Developer's Liabilities.** Developer will not enter into any transaction that would materially and adversely affect its ability to perform its obligations under this Agreement. Developer will immediately notify DPD of any and all events or actions which may materially

affect Developer's ability to carry on its business operations or perform its obligations under this Agreement or any other documents and agreements related to this Agreement or the Project.

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

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

8.18 **Real Estate Provisions.**

(a) **Governmental Charges.**

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

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

(x) Developer will demonstrate to DPD's satisfaction that legal proceedings instituted by Developer contesting or objecting to a Governmental Charge will conclusively operate to prevent or remove a lien against, or the sale or transfer or forfeiture of, all or any part of the

Property to satisfy such Governmental Charge prior to final determination of such proceedings, and/or;

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

(b) Developer's Failure To Pay Or Discharge Lien. If Developer fails to pay or contest any Governmental Charge or to obtain discharge of the same, Developer will advise DPD thereof in writing, at which time DPD may, but will not be obligated to, and without waiving or releasing any obligation or liability of 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, will be promptly disbursed to DPD by Developer. Notwithstanding anything contained herein to the contrary, this paragraph must not be construed to obligate the City to pay any such Governmental Charge. Additionally, if Developer fails to pay any Governmental Charge, the City, in its sole discretion, may require Developer to submit to the City audited Financial Statements at Developer's own expense.

(c) Applicability After Sale of Units or Conversion to Condominium Units. The provisions of Section 8.18(a) and (b) shall not apply to Governmental Charges payable by, or contestable by, the CHA and owners of individual rowhomes and For Sale Units after such time as such unit owners, under the terms of their purchase contracts and/or the condominium declaration, become responsible for the payment of Governmental Charges attributable to their respective units.

8.19 Affordability Requirements.

(a) Affordable Units. Of the 68 units comprising the Project, 13 units (or 19% of the Project's units) shall be CHA Units; 1 unit (or 1% of the Project's units) shall be an Affordable For Sale Unit; 19 units shall be Below-Market For Sale Units; and 35 units shall be Market Rate For Sale Units. The further breakdown of the units shall be as follows:

Number of Buildings	Type of Building	CHA Rental	Affordable For Sale	Below-Market		Total
				Rate For Sale	Market Rate For Sale	
3	Duplex	9	1	19	17	46
2	Townhomes	4	0	0	8	12
1	6 Flats	0	0	0	10	10
6	Single Family	13	1	19	35	68
	Total					

(b) **Rental Units.** The Developer shall convey the CHA Units to the CHA at the affordable prices set forth in the Contract of Purchase. The affordability requirements applicable to the CHA Units, as set forth in the CHA Agreements, shall be covenants running with the land and shall survive any foreclosure of any portion of the Property or any leasehold interest therein for the applicable affordability periods set forth in such agreement;

(c) **Affordable For Sale Unit.** The Developer shall sell the Affordable For Sale Unit to an income-qualified household for the applicable affordable price set forth on **Exhibit K**. In connection with the marketing of the Affordable For Sale Unit, the Developer shall attach as an exhibit to the purchase contract a copy of the City Recapture Mortgage and shall state in such purchase contract that the purchaser will be obligated to execute such junior mortgage at the time of closing and comply with its terms thereafter. At the closing of the sale of an Affordable For Sale Unit, the Developer shall cause such fully executed and acknowledged junior mortgage to be recorded as a junior mortgage lien against the purchaser's Affordable For Sale Unit;

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

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

8.22 **No Business Relationship with City Elected Officials.** 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. Under Section 2-156-030(b) of the Municipal Code of Chicago, it is illegal for any elected official of the City, or any person acting at the direction of such official, to contact, either orally or in writing, any other City official or employee with respect to any matter involving any person with whom the elected official has a "Business Relationship" (as defined in Section 2-156-080(b)(2) of the Municipal Code), or to participate in any discussion of any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship. Violation of Section 2-156-030(b) by any elected official, or any person acting at the direction of such official, with respect to this Agreement, or in connection with the transactions contemplated thereby, will be grounds for termination of this Agreement and the transactions contemplated thereby. 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.

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

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.** 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 Developer operating on the Project (collectively, with 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 must take affirmative action to ensure that applicants are hired and employed without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income and are treated in a non-discriminatory manner with regard to all job-related matters, including without limitation: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Each Employer agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause. In addition, the Employers, in all solicitations or advertisements for employees, must state that all qualified applicants shall receive consideration for employment without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income.

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

(c) Each Employer will comply with all applicable Federal, State and local equal employment and affirmative action statutes, rules and regulations, including but not limited to the City's Human Rights Ordinance and the State Human Rights Act, 775 ILCS 5/1-101 et. seq. (2002 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, will cooperate with and promptly and accurately respond to inquiries by the City, which has the responsibility to observe and report compliance with equal employment opportunity regulations of Federal, State and municipal agencies.

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

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

10.02 City Resident Construction Worker Employment Requirement.

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

(b) 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 Chief Procurement Officer of the City.

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

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

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

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

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

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

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

(j) Nothing herein provided will be construed to be a limitation upon the "Notice of Requirements for Affirmative Action to Ensure Equal Employment Opportunity, Executive Order 11246" and "Standard Federal Equal Employment Opportunity, Executive Order 11246,"

or other affirmative action required for equal opportunity under the provisions of this Agreement or related documents.

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

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

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

(b) For purposes of this Section 10.03 only:

(i) The Developer (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" or a "construction contract" as such terms are defined in Sections 2-92-420 and 2-92-670, Municipal Code of Chicago, as applicable.

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

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

(c) Consistent with Sections 2-92-440 and 2-92-720, Municipal Code of Chicago, the Developer'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 the General Contractor (but only to the extent of any actual work performed on the Project by the General Contractor), by subcontracting or causing the General Contractor to subcontract a portion of the Project to one or more MBEs or WBEs, or by the purchase of materials or services used in the Project from one or more MBEs or WBEs, or by any combination of the foregoing. Those entities which constitute both a MBE and a WBE shall not be credited more than once with regard to the Developer's MBE/WBE commitment as described in this Section 10.03. In accordance with Section 2-92-730, Municipal Code of Chicago, the Developer shall not substitute any MBE or WBE General Contractor or subcontractor without the prior written approval of DPD.

(d) The Developer shall deliver quarterly reports to the City's monitoring staff during the Project describing its efforts to achieve compliance with this MBE/WBE commitment. Such reports shall include, *inter alia*, the name and business address of each MBE and WBE solicited by the Developer or the General Contractor to work on the Project, and the responses received from such solicitation, the name and business address of each MBE or WBE actually involved in the Project, a description of the work performed or products or services supplied, the date and amount of such work, product or service, and such other information as may assist the City's monitoring staff in determining the Developer's compliance with this MBE/WBE commitment. The Developer shall maintain records of all relevant data with respect to the utilization of MBEs and WBEs in connection with the Project for at least five years after completion of the Project, and the City's monitoring staff shall have access to all such records maintained by the Developer, on five 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 Sections 2-92-540 and 2-92-730, Municipal Code of Chicago, as applicable.

(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 Sections 2-92-450 and 2-92-730, Municipal Code of Chicago, as applicable.

(g) Prior to the commencement of the Project, the Developer shall be required to meet with the City's monitoring staff with regard to the Developer's compliance with its obligations under this **Section 10.03**. The General Contractor and all major subcontractors shall be required to attend this pre-construction meeting. During said meeting, the Developer shall demonstrate to the City's monitoring staff its plan to achieve its obligations under this **Section 10.03**, the sufficiency of which shall be approved by the City's monitoring staff. During the Project, the Developer shall submit the documentation required by this Section 10.03 to the City's monitoring staff, including the following: (i) subcontractor's activity report; (ii) contractor's

certification concerning labor standards and prevailing wage requirements; (iii) contractor letter of understanding; (iv) monthly utilization report; (v) authorization for payroll agent; (vi) certified payroll; (vii) evidence that MBE/WBE contractor associations have been informed of the Project via written notice and hearings; and (viii) evidence of compliance with job creation/job retention requirements. Failure to submit such documentation on a timely basis, or a determination by the City's monitoring staff, upon analysis of the documentation, that the Developer is not complying with its obligations under this **Section 10.03**, shall, upon the delivery of written notice to the Developer, be deemed an Event of Default. Upon the occurrence of any such Event of Default, in addition to any other remedies provided in this Agreement, the City may: (1) issue a written demand to the Developer 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.** Developer hereby represents and warrants to the City that Developer has conducted environmental studies sufficient to conclude that the Project may be constructed, completed and operated in accordance with all Environmental Laws, this Agreement and all Exhibits, the Scope Drawings, the Plans and Specifications and all amendments thereto, the TIF Bond Ordinance, if any, and the Redevelopment Plan.

Without limiting any other provisions hereof, 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 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 Developer, or any person directly or indirectly controlling, controlled by or under common control with 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 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 Developer or any of its Affiliates under any Environmental Laws relating to the Property.

ARTICLE TWELVE: INSURANCE

12.01 **Insurance.** The Developer must provide and maintain, at Developer's own expense, or cause to be provided and maintained during the term of this Agreement, the insurance coverage and requirements specified below, insuring all operations related to the Agreement with respect to the portions of the Property owned or leased by the Developer.

- (a) Prior to execution and delivery of this Agreement
 - (i) Workers Compensation and Employers Liability. Workers Compensation Insurance, as prescribed by applicable law covering all employees who are to

provide work under this Agreement and Employers Liability coverage with limits of not less than \$100,000 each accident, illness or disease.

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

(iii) All Risk Property. All Risk Property Insurance at replacement value of the property to protect against loss of, damage to, or destruction of the building/facility. The City is to be named as an additional insured and loss payee/mortgagee if applicable.

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

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

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

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

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

(v) All Risk /Builders Risk. When Developer undertakes any construction, including improvements, betterments, and/or repairs, the Developer must provide or cause to be provided All Risk Builders Risk Insurance at replacement cost for materials, supplies, equipment, machinery and fixtures that are or will be part of the Project. The City of Chicago is to be named as an additional insured and loss payee/mortgagee if applicable.

(vi) Professional Liability. 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 must be maintained with limits of not less than \$1,000,000. Coverage must include contractual liability. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of work on the Contract. A claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years.

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

(viii) Contractors Pollution Liability. When any remediation work is performed which may cause a pollution exposure, the Developer must cause remediation contractor to provide Contractor Pollution Liability covering bodily injury, property damage and other losses caused by pollution conditions that arise from the contract scope of work with limits of not less than \$1,000,000 per occurrence. Coverage must include completed operations, contractual liability, defense, excavation, environmental cleanup, remediation and disposal. When policies are renewed or replaced, 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 two (2) years. The City of Chicago is to be named as an additional insured.

(c) Post Construction: All Risk Property Insurance at replacement value of the property to protect against loss of, damage to, or destruction of the building/facility. The City is to be named as an additional insured and loss payee/mortgagee if applicable.

(d) Other Requirements: The Developer must furnish the City of Chicago, Department of Planning Services, City Hall, Room 1000, 121 North LaSalle Street 60602, original Certificates of Insurance, or such similar evidence, 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 must submit evidence of insurance on the City of Chicago Insurance Certificate Form (copy attached) or equivalent prior to closing. 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

Developer is not a waiver by the City of any requirements for the Developer to obtain and maintain the specified coverages. The Developer shall advise all insurers of the Agreement provisions regarding insurance. Non-conforming insurance does not relieve 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 and/or terminate agreement until proper evidence of insurance is provided.

The insurance must provide for 30 days prior written notice to be given to the City in the event coverage is substantially changed, canceled, or non-renewed.

Any deductibles or self insured retentions on referenced insurance coverages must be borne by Developer and Contractors.

The Developer hereby waives and agrees to require their insurers to waive their rights of subrogation against the City of Chicago, its employees, elected officials, agents, or representatives.

The coverages and limits furnished by Developer in no way limit the Developer's liabilities and responsibilities specified within the Agreement or by law.

Any insurance or self insurance programs maintained by the City of Chicago do not contribute with insurance provided by the Developer under the Agreement.

The required insurance to be carried is not limited by any limitations expressed in the indemnification language in this Agreement or any limitation placed on the indemnity in this Agreement given as a matter of law.

If Developer is a joint venture or limited liability company, the insurance policies must name the joint venture or limited liability company as a named insured.

The Developer must require Contractor and subcontractors to provide the insurance required herein, or Developer may provide the coverages for Contractor and subcontractors. All Contractors and subcontractors are subject to the same insurance requirements of Developer unless otherwise specified in this Agreement.

If Developer, any Contractor or subcontractor desires additional coverages, the party desiring the additional coverages is responsible for the acquisition and cost.

The City of Chicago Risk Management Department maintains the right to modify, delete, alter or change these requirements.

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 (arising out of a third party action against the City), penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever, (and including, without limitation, the reasonable fees and disbursements of

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

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

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 will contribute the maximum portion that it is permitted to pay and satisfy under applicable law, to the payment and satisfaction of all indemnified liabilities incurred by the Indemnitees or any of them. The provisions of the undertakings and indemnification set out in this **Section 13.01** will survive the termination of this Agreement.

ARTICLE FOURTEEN: MAINTAINING RECORDS / RIGHT TO INSPECT

14.01 **Books and Records.** Developer will keep and maintain separate, complete, accurate and detailed books and records necessary to reflect and fully disclose the total actual costs of the Project and the disposition of all funds from whatever source allocated thereto, and to monitor the Project. All such books, records and other documents, including but not limited to Developer's loan statements, if any, General Contractors' and contractors' sworn statements, general contracts, subcontracts, purchase orders, waivers of lien, paid receipts and invoices, will be available at Developer's offices for inspection, copying, audit and examination by an authorized representative of the City, at Developer's expense. Developer will not pay for salaries or fringe benefits of auditors or examiners. Developer must incorporate this right to inspect, copy, audit and examine all books and records into all contracts entered into by Developer with respect to the Project.

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

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, will constitute an “Event of Default” by Developer hereunder:

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

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

(c) the making or furnishing by 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 material respect;

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

(e) the commencement of any proceedings in bankruptcy by or against Developer or for the liquidation or reorganization of Developer, or alleging that Developer is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of 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 Developer; provided, however, that if such commencement of proceedings is involuntary, such action will not constitute an Event of Default unless such proceedings are not dismissed within 60 days after the commencement of such proceedings;

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

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

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

(i) the dissolution of Developer; or

(j) the institution in any court of a criminal proceeding (other than a misdemeanor) against Developer or any natural person who owns a material interest in Developer, which is not dismissed within 30 days, or the indictment of Developer or any natural person who owns a material interest in Developer, for any crime (other than a misdemeanor). For purposes of **Section 15.01(j)** hereof, a natural person with a material interest in Developer is one owning in excess of [thirty-three percent (33%)] of Developer's or Developer's ultimate parent entity's issued and outstanding ownership shares or interest.

15.02 **Remedies.** Upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements, and may suspend payment of City Funds, provided, however, that the City will not suspend payment of any principal or interest due and owing under the Notes. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to injunctive relief or the specific performance of the agreements contained herein. To the extent permitted by law, the City may also lien the Developer's interest in the Property; subject to Permitted Liens.

15.03 **Curative Period.**

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

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

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 Project or any portion thereof are listed on **Exhibit G** (including but not limited to mortgages made prior to or on the date hereof in connection with Lender Financing, if any) and are referred to herein as the "**Existing Mortgages.**" Any mortgage or deed of trust that Developer may hereafter elect to execute and record or execute and permit to be recorded against the Property or Project or any portion thereof other than a Permitted Mortgage is referred to herein as a "**New Mortgage.**" Any mortgage or deed of trust that Developer may hereafter elect to execute and record or execute and permit to be recorded against the Property or Project or any portion thereof which is a mortgage to secure Lender Financing or is entered into by the Developer 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 Developer as follows:

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

(b) If any mortgagee or any other party shall succeed to Developer's interest in the Property or any portion thereof by the exercise of remedies under an Existing Mortgage or a Permitted Mortgage, whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of Developer's interest hereunder in accordance with Section 18.14 hereof, then the City hereby agrees to attorn to and recognize such party as the successor in interest to Developer for all purposes under this Agreement so long as such party accepts all of the executory obligations and liabilities of "Developer" hereunder. Notwithstanding any other provision of this Agreement to the contrary, it is understood and agreed that if such party accepts an assignment of Developer's interest under this Agreement, such party will have no liability under this Agreement for any Event of Default of Developer which occurred prior to the time such party succeeded to the interest of Developer under this Agreement, in which case Developer will be solely responsible. However, if such mortgagee under a Permitted Mortgage or an Existing Mortgage does not expressly accept an assignment of Developer's interest hereunder, such party will be entitled to no rights and benefits under this Agreement, and such party will be bound only by those provisions of this Agreement, if any, which are covenants expressly running with the land specified in Section 7.02.

(c) In the event that any mortgagee, prior to the date of issuance of the Certificate, 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 the City is unable within 90 days following notice of such succession to consent to the assignment of the Developer's interest hereunder in accordance with Section 18.15 hereof, the City agrees that such mortgagee shall have the right to terminate this Agreement, and the City will cooperate with such mortgagee in the recording of a declaration to that effect.

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

(e) Notwithstanding any provision hereof to the contrary, the provisions of this Section 16.01 shall not be applicable to mortgages entered into by an end-user of a unit or units in connection with the planned sale of For Sale Units to end-users and the conveyance of the CHA units to CHA.

50 South LaSalle Street
Chicago, IL 60603
Attn: Carol M. Hall, Neighborhood Lending Division, B-A
Telephone: 312.444.5021
Fax: 312.557.3092

With Copies To:

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.

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

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

ARTICLE EIGHTEEN: ADDITIONAL PROVISIONS

18.01 **Amendments**. Except as provided in this **Section 18.01**, and except for changes or amendments that are otherwise expressly identified as being in the discretion of the Commissioner, this Agreement and the Schedules and Exhibits attached hereto may not be modified or amended except by an agreement in writing signed by the parties. In addition to consents and discretion expressly identified herein, the Commissioner, in his sole discretion, may amend or otherwise revise: (a) any exhibits containing legal descriptions in order to correct a surveyor's, scrivener's or clerical error in such a legal description, provided that such correction does not have a material effect on any portion of the Project; and (b) **Exhibit G** to correct inadvertent omissions or permit other minor title encumbrances not in the nature of a lien; and (c) **Exhibit J** to revise the form of Notes, if necessary, in order to comply with applicable tax laws, and (d) **Exhibit K** to modify such mortgage for the Affordable For-Sale Unit. The City in

give written notice to the other parties to this Agreement. The individual or entity relying on this section with respect to any such delay may rely on this section only to the extent of the actual number of days of delay effected by any such events described above.

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

18.18 **Business Economic Support Act.** Under the Business Economic Support Act (30 ILCS 760/1 *et seq.* 2002 State Bar Edition, as amended), if Developer is required to provide notice under the WARN Act, Developer will, in addition to the notice required under the WARN Act, provide at the same time a copy of the WARN Act notice to the Governor of the State, the Speaker and Minority Leader of the House of Representatives of the State, the President and Minority Leader of the Senate of State, and the Mayor of each municipality where Developer has locations in the State. Failure by 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 includes the plural, and vice versa. Masculine, feminine and neuter pronouns are fully interchangeable, where the context so requires. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision. The term "include" (in all its forms) means "include, without limitation" unless the context clearly states otherwise. The word "shall" means "has a duty to."

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

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

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

its sole discretion, may amend, modify or supplement the Redevelopment Plan. For purposes of this Agreement, Developer is only obligated to comply with the Redevelopment Plan as in effect on the date of this Agreement.

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

18.03 **Limitation of Liability.** No member, elected or appointed official or employee or agent of the City shall be individually, collectively or personally liable to 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 Developer or any successor in interest, from the City or on any obligation under the terms of this Agreement.

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

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

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

18.07 **Parties in Interest/No Third Party Beneficiaries.** The terms and provisions of this Agreement are binding upon and inure to the benefit of, and are enforceable by, the respective successors and permitted assigns of the parties hereto. This Agreement will not run to the benefit of, or be enforceable by, any person or entity other than a party to this Agreement and its successors and permitted assigns. This Agreement should not be deemed to confer upon third parties any remedy, claim, right of reimbursement or other right. Nothing contained in this Agreement, nor any act of the City or the Developer, will be deemed or construed by any of the parties hereto or by third persons, to create any relationship of third party beneficiary, principal, agent, limited or general partnership, joint venture, or any association or relationship involving the City or 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, must be construed together and will constitute one and the same instrument.

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

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

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

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

18.14 **Assignment.** Prior to the issuance by the City to Developer of a Certificate, Developer may not sell, assign or otherwise transfer its interest in this Agreement or the Notes in whole or in part without the written consent of the City; provided, however, that Developer may assign, on a collateral basis, this Agreement, the right to receive City Funds under the Notes and the Certificates of Expenditure to a Lender providing Lender Financing, if any, which has been identified to the City as of the Closing Date. Any successor in interest to Developer under this Agreement will certify in writing to the City its agreement to abide by all remaining executory terms of this Agreement, including but not limited to **Section 8.24** (Survival of Covenants) hereof, for the Term of the Agreement. Developer hereby consents to the City's transfer, assignment or other disposal of this Agreement at any time in whole or in part.

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

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

give written notice to the other parties to this Agreement. The individual or entity relying on this section with respect to any such delay may rely on this section only to the extent of the actual number of days of delay effected by any such events described above.

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

18.18 **Business Economic Support Act.** Under the Business Economic Support Act (30 ILCS 760/1 et seq. 2002 State Bar Edition, as amended), if Developer is required to provide notice under the WARN Act, Developer will, in addition to the notice required under the WARN Act, provide at the same time a copy of the WARN Act notice to the Governor of the State, the Speaker and Minority Leader of the House of Representatives of the State, the President and Minority Leader of the Senate of State, and the Mayor of each municipality where Developer has locations in the State. Failure by 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 includes the plural, and vice versa. Masculine, feminine and neuter pronouns are fully interchangeable, where the context so requires. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision. The term "include" (in all its forms) means "include, without limitation" unless the context clearly states otherwise. The word "shall" means "has a duty to."

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

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

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

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

18.25 **Costs and Expenses**. In addition to and not in limitation of the other provisions of this Agreement, 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 but only if the City is determined to be the prevailing party in an action for

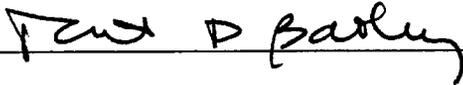
18.26 **Enforcement**. This includes, subject to any limits under applicable law, reasonable attorneys' fees and legal expenses, whether or not there is a lawsuit, including reasonable attorneys' fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. 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]

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

LAKEFRONT ASSOCIATES I LLC, an Illinois limited liability company

By: Draper and Kramer, Incorporated, its sole member



By:
Name: **Forrest D. Bailey**
Title: **President and CEO**

CITY OF CHICAGO

By: _____

Name: _____

Commissioner,
Department of Planning and
Development

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

LAKEFRONT ASSOCIATES I LLC, an Illinois limited liability company

By: Draper and Kramer, Incorporated, its sole member

By:
Name:
Title:

CITY OF CHICAGO

By:

Lori T. Healey

Name: Lori T. Healey *RL*

Commissioner,
Department of Planning and
Development

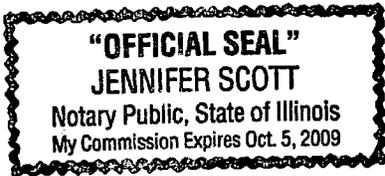
STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, Jennifer Scott, a notary public in and for the said County, in the State aforesaid DO HEREBY CERTIFY that Farrest W Bailey, personally known to me to be the President & CEO (title) of Draper and Kramer, Incorporated, the sole member of Lakefront Associates I LLC (the "Developer"), 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 s/he signed, sealed, and delivered said instrument, pursuant to the authority given to her/him by Developer, as her/his free and voluntary act and as the free and voluntary act of the Developer, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 4th day of April, 2007.
Jennifer Scott
Notary Public

My Commission Expires 10/05/2009

(SEAL)



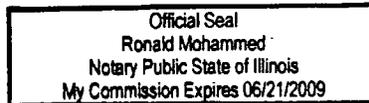
STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, RONALD MOHAMMED, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Lori T. Healey, 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 his/her free and voluntary act of the City, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 4th day of APRIL, 2007.

Ronald Mohammed
Notary Public

My Commission Expires 6-21-09



**LAKE PARK CRESCENT PROJECT
LAKEFRONT ASSOCIATES I LLC
REDEVELOPMENT AGREEMENT**

EXHIBIT A

REDEVELOPMENT AREA LEGAL DESCRIPTION

**LAKE PARK CRESCENT PROJECT
LAKEFRONT ASSOCIATES I LLC
REDEVELOPMENT AGREEMENT**

EXHIBIT B-1

LEGAL DESCRIPTION OF THE PROPERTY

Leasehold Property Legal Description

Lots 3 through 11, both inclusive, Lots 16 through 24, both inclusive, and Outlot A and Outlot B in Block 1, Lots 3 through 7, both inclusive, Lots 24 and 25, Outlot A and Outlot B in Block 2, all in Lake Park Crescent, being a Subdivision of part of the Northwest Quarter of Section 2, Township 38 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois, according to Plat thereof recorded as Document No. 0030468270 with the Recorder of Deeds of Cook County, Illinois.

4055-63 S. Lake Park Ave, Chicago, IL 4044-50 S. Oakenwald, Chicago, IL
4011-27 S. Lake Park Ave, Chicago, IL 20-02-126-003-001, -016, -020, -022, -023
4010-26 S. Oakenwald Ave, Chicago, IL -024, -027, -028 and 20-02-127-003-007, -021
-025, -026, -027

Fee Property Legal Description

Lots 14 through 23, both inclusive, in Block 2, all in Lake Park Crescent, being a Subdivision of part of the Northwest Quarter of Section 2, Township 38 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois, according to Plat thereof recorded as Document No. 0030468270 with the Recorder of Deeds of Cook County, Illinois.

PIN: 20-02-127-014, -015, -016, -017, -018, -019
-020, -021, -022, -023

4054-4072 S. Oakenwald Ave,
Chicago, IL

**LAKE PARK CRESCENT PROJECT
LAKEFRONT ASSOCIATES I LLC
REDEVELOPMENT AGREEMENT**

EXHIBIT B-2

SITE PLAN FOR THE PROJECT

**LAKE PARK CRESCENT PROJECT
LAKEFRONT ASSOCIATES I LLC
REDEVELOPMENT AGREEMENT**

EXHIBIT C-1

PROJECT BUDGET

See attached.

LAKE PARK CRESCENT - PHASE IA SALE

EXHIBIT C-1

PROJECT BUDGET

HARD COSTS

CONSTRUCTION - GENERAL CONTRACT	15,306,000
CONSTRUCTION - UPGRADES	1,227,000
TOTAL HARD COSTS	<u>16,533,000</u>

SOFT COSTS

CONSTRUCTION SOFT COSTS	7,453,000
ACQUISITION COSTS	559,000
MARKETING	719,000
SALES STAFF	330,000
CLOSING COSTS & COMMISSIONS	547,000
OPERATIONS	1,079,000
OTHER DEVELOPMENT EXPENSES	497,000
FIRST MORTGAGE INTEREST	1,002,000
BRIDGE LOAN INTEREST RESERVE	323,000
DEVELOPER FEES DEFERRED	0
DEVELOPER EQUITY PROFIT	0
EQUITY PROFIT - CHA	0
TOTAL SOFT COSTS	<u>12,509,000</u>

TOTAL PROJECT COSTS **29,042,000**

TIF REV C-1 BUDGET

**LAKE PARK CRESCENT PROJECT
LAKEFRONT ASSOCIATES I LLC
REDEVELOPMENT AGREEMENT**

EXHIBIT C-2

CONSTRUCTION (MBE/WBE) BUDGET

See attached.

EXHIBIT C-2

CONSTRUCTION (MBE/WBE) BUDGET

HARD COSTS

CONSTRUCTION - GENERAL CONTRACT	15,306,000
CONSTRUCTION - UPGRADES	1,227,000
TOTAL HARD COSTS	<u>16,533,000</u>

SOFT COSTS

ARCHITECTURAL/ENGINEERING	886,000
LEGAL	550,000
MISC SOFT COSTS	6,017,000
ACQUISITION COSTS	559,000
MARKETING	719,000
SALES STAFF	330,000
CLOSING COSTS & COMMISSIONS	547,000
OPERATIONS	1,079,000
OTHER DEVELOPMENT EXPENSES	497,000
FIRST MORTGAGE INTEREST	1,002,000
BRIDGE LOAN INTEREST RESERVE	323,000
DEVELOPER FEES DEFERRED	0
DEVELOPER EQUITY PROFIT	0
EQUITY PROFIT - CHA	0
TOTAL SOFT COSTS	<u>12,509,000</u>

MBE/WBE PROJECT BUDGET **29,042,000**

MBE TOTAL: \$17,969,000 X 24% = 4,312,560
WBE TOTAL: \$17,969,000 X 4% = 718,760

**LAKE PARK CRESCENT PROJECT
LAKEFRONT ASSOCIATES I LLC
REDEVELOPMENT AGREEMENT
EXHIBIT D**

TIF FUNDED IMPROVEMENTS

See attached.

EXHIBIT D**TIF-FUNDED IMPROVEMENTS**

DESCRIPTION	TIF FUNDED COSTS
<u>ACQUISITION COSTS</u>	
ACQUISITION & ENTITLEMENT COSTS	151,634
OWNERS TITLE POLICY	3,960
TOTAL ACQUISITION COSTS	155,594
<u>CONSTRUCTION - HARD COSTS - GENERAL CONTRACTOR</u>	
UNSUITABLE SOILS	400,000
SITE GRADING	341,000
PUBLIC IMPROVEMENTS	35,000
LANDSCAPING IN PUBLIC R-O-W	245,000
ENVIRONMENTAL BARRIERS	792,000
BUILDING COSTS: LOW INCOME	1,223,500
BUILDING COSTS: MARKET RATE	0
SUB TOTAL HARD COSTS - GENERAL CONTRACTOR	3,036,500
<u>CONSTRUCTION- UPGRADES</u>	0
<u>CONSTR - SOFT COSTS</u>	
GC - GENERAL CONDITIONS	152,658
GC - PROFIT	206,118
ARCHITECTURAL / ENGINEERING FEES	309,362
DEVELOPER CONSTRUCTION SUPERVISION	133,452
CONSTRUCTION CONSULTANT	131,274
DEVELOPER PROJECT MANAGEMENT - PERSONNEL	154,044
DEVELOPER COMPLIANCE ADMINISTRATION	47,124
INSURANCE	73,458
LEGAL	108,900
COMPLIANCE MONITORING CONSULTANT	34,650
PLANNING - CHICAGO CONS. STUDIO	29,700
ENVIRONMENTAL CONSULTANT	263,000
SURVEY	74,000

LANDSCAPE ARCHITECT	9,900
CITY PARK DESIGN	90,000
WINTER CONDITIONS	29,700
SITE SECURITY	11,880
UTILITY FEES/COSTS	20,394
BONDING	29,700
PERMITS	30,492
ACCOUNTING	12,276
SUB TOTAL SOFT COSTS	1,952,082

CHA & AFF UNIT CLOSING COSTS

CONTRACT ADMINISTRATION - LEGAL	14,058
ESCROW	594
LENDER RELEASE FEE	6,732
STATE/COUNTY/WATER	8,712
SURVEY	4,356
TITLE FEES	3,168
SUB TOTAL CHA & AFF UNIT CLOSING COSTS	37,620

OTHER CLOSING COSTS	0
SALES PERSONNEL	0
COMMISSIONS	0
MARKETING	0
SALES COSTS - NOT COMMISSION RELATED	0
OPERATIONS	0
OTHER DEVELOPMENT EXPENSES	0
DEVELOPMENT CONTINGENCY	0
FINANCING INTEREST COSTS	0

<u>TOTAL TIF ELIGIBLE COSTS</u>	<u>5,181,796</u>
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**LAKE PARK CRESCENT PROJECT
LAKEFRONT ASSOCIATES I LLC
REDEVELOPMENT AGREEMENT**

EXHIBIT E

CONSTRUCTION CONTRACT

**LAKE PARK CRESCENT PROJECT
LAKEFRONT ASSOCIATES I LLC
REDEVELOPMENT AGREEMENT**

EXHIBIT F

APPROVED PRIOR EXPENDITURES

**LAKE PARK CRESCENT PROJECT
LAKEFRONT ASSOCIATES I LLC
REDEVELOPMENT AGREEMENT**

EXHIBIT G

PERMITTED LIENS

1. Liens or encumbrances against the Property (and related improvements):

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 Developer or the Project, other than liens against the Property (and related improvements), if any:

NONE, except as noted in the attachment to this exhibit cover sheet

3. CHA Agreements.

**LAKE PARK CRESCENT PROJECT
LAKEFRONT ASSOCIATES I LLC
REDEVELOPMENT AGREEMENT**

EXHIBIT H

**OPINION OF COUNSEL FOR
LAKEFRONT ASSOCIATES I LLC**

LAKE PARK CRESCENT PROJECT

**LAKEFRONT ASSOCIATES I LLC
REDEVELOPMENT AGREEMENT**

EXHIBIT I

FORM OF PAYMENT AND PERFORMANCE BOND

**LAKE PARK CRESCENT PROJECT
LAKEFRONT ASSOCIATES I LLC
REDEVELOPMENT AGREEMENT**

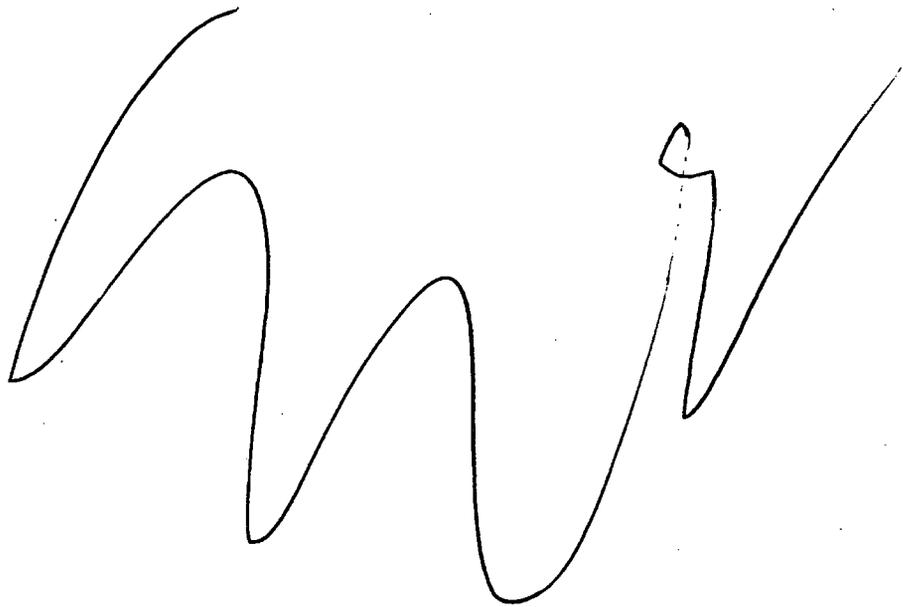
EXHIBIT J

FORM OF NOTES

**LAKE PARK CRESCENT PROJECT
LAKEFRONT ASSOCIATES I LLC
REDEVELOPMENT AGREEMENT**

EXHIBIT K

FORM OF CITY RECAPTURE MORTGAGE

A large, stylized handwritten signature in black ink, consisting of several connected loops and a final upward stroke on the right side.