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# 2014 Annual Report

## Woodlawn Redevelopment Project Area

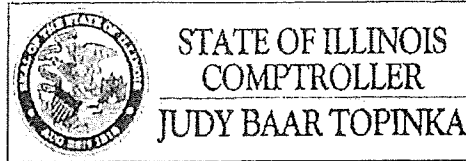


Pursuant to 65 ILCS 5/11-74.4-5(d)

*JUNE 30, 2015*

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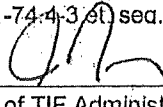
FY 2014  
ANNUAL TAX INCREMENT FINANCE  
REPORT



Name of Municipality: City of Chicago Reporting Fiscal Year: **2014**  
 County: Cook Fiscal Year End: **12 /31/2014**  
 Unit Code: 016/620/30

**TIF Administrator Contact Information**

First Name: Andrew J. Last Name: Mooney  
 Address: City Hall, 121 N. LaSalle Title: Administrator  
 Telephone: (312) 744 0025 City: Chicago, IL Zip: 60602  
 Mobile: n/a E-mail: TIFReports@cityofchicago.org  
 Mobile Provider: n/a Best way to contact:  Email  Phone  
 Mobile  Mail

I attest to the best of my knowledge, this report of the redevelopment project areas in: City/Village of \_\_\_\_\_  
 is complete and accurate at the end of this reporting Fiscal year under the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] Or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]  
  
 Written signature of TIF Administrator \_\_\_\_\_ Date June 30, 2015

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

FILL OUT ONE FOR EACH TIF DISTRICT		
Name of Redevelopment Project Area	Date Designated	Date Terminated
24th/Michigan	7/21/1999	7/21/2022
26th and King Drive	1/11/2006	12/31/2030
35th and Wallace	12/15/1999	12/31/2023
35th/Halsted	1/14/1997	12/31/2021
35th/State	1/14/2004	12/31/2028
43rd/Cottage Grove	7/8/1998	12/31/2022
45th/Western Industrial Park Conservation Area	3/27/2002	12/31/2014
47th/Ashland	3/27/2002	12/31/2026
47th/Halsted	5/29/2002	12/31/2026
47th/King Drive	3/27/2002	12/31/2026
47th/State	7/21/2004	12/31/2028
49th Street/St. Lawrence Avenue	1/10/1996	12/31/2020
51st/ Archer	5/17/2000	12/31/2024
51st/Lake Park	11/15/2012	12/31/2036
53rd Street	1/10/2001	12/31/2025
60th and Western	5/9/1996	5/9/2019
63rd/Ashland	3/29/2006	12/31/2030
63rd/Pulaski	5/17/2000	12/31/2024
67th/Cicero	10/2/2002	12/31/2026
67th/Wentworth	5/4/2011	12/31/2035
69th/Ashland	11/3/2004	12/31/2028
71st and Stony Island	10/7/1998	10/7/2021
73rd/University	9/13/2006	12/31/2030
79th and Cicero	6/8/2005	12/31/2029

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

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

Reporting Fiscal Year: **2014**  
 Fiscal Year End: 12 / 31 / **2014**

79th Street Corridor	7/8/1998	7/8/2021
79th Street/Southwest Highway	10/3/2001	12/31/2025
79th/Vincennes	9/27/2007	12/31/2031
83rd/Stewart	3/31/2004	12/31/2028
87th/Cottage Grove	11/13/2002	12/31/2026
95th and Western	7/13/1995	7/13/2018
95th Street and Stony Island	5/16/1990	12/31/2014
105th/Vincennes	10/3/2001	12/31/2025
107th Halsted	4/2/2014	12/31/2038
111th Street/Kedzie Avenue Business District	9/29/1999	9/29/2022
119th and Halsted	2/6/2002	12/31/2026
119th/I-57	11/6/2002	12/31/2026
126th and Torrence	12/21/1994	12/21/2017
134th and Avenue K	3/21/2008	12/31/2014
Addison Corridor North	6/4/1997	6/4/2020
Addison South	5/9/2007	12/31/2031
Archer Courts	5/12/1999	12/31/2023
Archer/ Central	5/17/2000	12/31/2024
Archer/Western	2/11/2009	12/31/2033
Armitage/Pulaski	6/13/2007	12/31/2031
Austin Commercial	9/27/2007	12/31/2031
Avalon Park/South Shore	7/31/2002	12/31/2026
Avondale	7/29/2009	12/31/2033
Belmont/Central	1/12/2000	12/31/2024
Belmont/Cicero	1/12/2000	12/31/2024
Bronzeville	11/4/1998	12/31/2022
Bryn Mawr/Broadway	12/11/1996	12/11/2019
Calumet Avenue/Cermak Road	7/29/1998	7/29/2021
Calumet River	3/10/2010	12/31/2034
Canal/Congress	11/12/1998	12/31/2022
Central West	2/16/2000	12/31/2024
Chicago/ Kingsbury	4/12/2000	12/31/2024
Chicago/Central Park	2/27/2002	12/31/2026
Chicago Lakeside Development – Phase 1 (USX)	5/12/2010	12/31/2034
Cicero/Archer	5/17/2000	12/31/2024
Clark Street and Ridge Avenue	9/29/1999	9/29/2022
Clark/Montrose	7/7/1999	7/7/2022
Commercial Avenue	11/13/2002	12/31/2026
Devon/Sheridan	3/31/2004	12/31/2028
Devon/Western	11/3/1999	12/31/2023
Diversey/Narragansett	2/5/2003	12/31/2027
Division/Homan	6/27/2001	12/31/2025

Name of Municipality: Chicago  
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Reporting Fiscal Year: 2014  
 Fiscal Year End: 12 / 31 / 2014

Drexel Boulevard	7/10/2002	12/31/2026
Edgewater/ Ashland	10/1/2003	12/31/2027
Elston/Armstrong Industrial Corridor	7/19/2007	12/31/2031
Englewood Mall	7/10/1996	7/10/2019
Englewood Neighborhood	6/27/2001	12/31/2025
Ewing Avenue	3/10/2010	12/31/2034
Forty-first Street and Dr. Martin Luther King, Jr. Drive	7/13/1994	12/31/2018
Foster California	4/2/2014	12/31/2038
Fullerton/ Milwaukee	2/16/2000	12/31/2024
Galewood/Armitage Industrial	7/7/1999	7/7/2022
Goose Island	7/10/1996	7/10/2019
Greater Southwest Industrial Corridor (East)	3/10/1999	12/31/2023
Greater Southwest Industrial Corridor (West)	4/12/2000	12/31/2024
Harlem Industrial Park Conservation Area	3/14/2007	12/31/2031
Harrison/Central	7/26/2006	12/31/2030
Hollywood/Sheridan	11/7/2007	12/31/2031
Homan-Arthington	2/5/1998	2/5/2021
Humboldt Park Commercial	6/27/2001	12/31/2025
Irving Park/Elston	5/13/2009	12/31/2033
Irving/Cicero	6/10/1996	12/31/2020
Jefferson Park Business District	9/9/1998	9/9/2021
Jefferson/ Roosevelt	8/30/2000	12/31/2024
Kennedy/Kimball	3/12/2008	12/31/2032
Kinzie Industrial Corridor	6/10/1998	6/10/2021
Kostner Avenue	11/5/2008	12/31/2014
Lake Calumet Area Industrial	12/13/2000	12/31/2024
Lakefront	3/27/2002	12/31/2026
LaSalle Central	11/15/2006	12/31/2030
Lawrence/ Kedzie	2/16/2000	12/31/2024
Lawrence/Broadway	6/27/2001	12/31/2025
Lawrence/Pulaski	2/27/2002	12/31/2026
Lincoln Avenue	11/3/1999	12/31/2023
Lincoln-Belmont-Ashland	11/2/1994	12/31/2018
Little Village East	4/22/2009	12/31/2033
Little Village Industrial Corridor	6/13/2007	12/31/2031
Madden/Wells	11/6/2002	12/31/2026
Madison/Austin Corridor	9/29/1999	12/31/2023
Michigan/Cermak	9/13/1989	12/31/2013
Midway Industrial Corridor	2/16/2000	12/31/2024
Midwest	5/17/2000	12/31/2024
Montclare	8/30/2000	12/31/2024
Montrose/Clarendon	6/30/2010	12/31/2034
Near North	7/30/1997	7/30/2020
Near South	11/28/1990	12/31/2014

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Reporting Fiscal Year: **2014**  
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North Branch (North)	7/2/1997	12/31/2021
North Branch (South)	2/5/1998	2/5/2021
North Pullman	6/30/2009	12/31/2033
North-Cicero	7/30/1997	7/30/2020
Northwest Industrial Corridor	12/2/1998	12/2/2021
Ogden/Pulaski	4/9/2008	12/31/2032
Ohio/Wabash	6/7/2000	12/31/2024
Pershing/King	9/5/2007	12/31/2031
Peterson/Cicero	2/16/2000	12/31/2024
Peterson/Pulaski	2/16/2000	12/31/2024
Pilsen Industrial Corridor	6/10/1998	12/31/2022
Portage Park	9/9/1998	9/9/2021
Pratt/Ridge Industrial Park Conservation Area	6/23/2004	12/31/2028
Pulaski Corridor	6/9/1999	6/9/2022
Randolph and Wells	6/9/2010	12/31/2034
Ravenswood Corridor	3/9/2005	12/31/2029
Read-Dunning	1/11/1991	12/31/2015
River South	7/30/1997	7/30/2020
River West	1/10/2001	12/31/2025
Roosevelt/Canal	3/19/1997	12/31/2021
Roosevelt/Cicero	2/5/1998	2/5/2021
Roosevelt/Racine	11/4/1998	12/31/2022
Roosevelt/Union	5/12/1999	5/12/2022
Roosevelt-Homan	12/5/1990	12/31/2014
Roseland/Michigan	1/16/2002	12/31/2026
Sanitary Drainage and Ship Canal	7/24/1991	12/31/2015
South Chicago	4/12/2000	12/31/2024
South Works Industrial	11/3/1999	12/31/2023
Stevenson/Brighton	4/11/2007	12/31/2031
Stockyards Annex	12/11/1996	12/31/2020
Stockyards Southeast Quadrant Industrial	2/26/1992	2/26/2015
Stony Island Avenue Commercial and Burnside Industrial Corridors	6/10/1998	12/31/2034
Touhy/Western	9/13/2006	12/31/2030
Washington Park	10/8/2014	12/31/2038
Weed/Fremont	1/8/2008	12/31/2032
West Irving Park	1/12/2000	12/31/2024
West Pullman Industrial Park Conservation Area	3/11/1998	12/31/2014
West Woodlawn	5/12/2010	12/31/2034
Western Avenue North	1/12/2000	12/31/2024
Western Avenue Rock Island	2/8/2006	12/31/2030
Western Avenue South	1/12/2000	12/31/2024
Western/Ogden	2/5/1998	2/5/2021
Wilson Yard	6/27/2001	12/31/2025
Woodlawn	1/20/1999	1/20/2022

**SECTION 2 [Sections 2 through 5 must be completed for each redevelopment project area listed in Section 1.]  
FY 2014**

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

	No	Yes
Were there any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] <b>If yes, please enclose the amendment labeled Attachment A</b>	X	
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year. [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6-22 (d) (3)] <b>Please enclose the CEO Certification labeled Attachment B</b>		X
Opinion of legal counsel that municipality is in compliance with the Act. [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)] <b>Please enclose the Legal Counsel Opinion labeled Attachment C</b>		X
Were there any activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented in the preceding fiscal year and a description of the activities undertaken? [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)] <b>If yes, please enclose the Activities Statement labeled Attachment D</b>		X
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)] <b>If yes, please enclose the Agreement(s) labeled Attachment E</b>		X
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)] <b>If yes, please enclose the Additional Information labeled Attachment F</b>	X	
Did the municipality's TIF advisors or consultants enter into contracts with entities or persons that have received or are receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)] <b>If yes, please enclose the contract(s) or description of the contract(s) labeled Attachment G</b>	X	
Were there any reports or meeting minutes submitted to the municipality by the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)] <b>If yes, please enclose the Joint Review Board Report labeled Attachment H</b>	X	
Were any obligations issued by municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)] <b>If yes, please enclose the Official Statement labeled Attachment I</b>	X	
Was analysis prepared by a financial advisor or underwriter setting forth the nature and term of obligation and projected debt service including required reserves and debt coverage? [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] <b>If yes, please enclose the Analysis labeled Attachment J</b>	X	
Cumulatively, have deposits equal or greater than \$100,000 been made into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2) <b>If yes, please enclose Audited financial statements of the special tax allocation fund labeled Attachment K</b>		X
Cumulatively, have deposits of incremental revenue equal to or greater than \$100,000 been made into the special tax allocation fund? [65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9)] <b>If yes, please enclose a certified letter statement reviewing compliance with the Act labeled Attachment L</b>		X
A list of all intergovernmental agreements in effect in FY 2014, to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)] <b>If yes, please enclose list only of the intergovernmental agreements labeled Attachment M</b>		X

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

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

**Provide an analysis of the special tax allocation fund.**

**FY 2014**

**TIF NAME:** Woodlawn Redevelopment Project Area

Fund Balance at Beginning of Reporting Period \$ 10,752,268

Revenue/Cash Receipts Deposited in Fund During Reporting FY:	Reporting Year	Cumulative*	% of Total
Property Tax Increment	2,617,189	\$ 29,493,413	96%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	34,890	364,110	1%
Land/Building Sale Proceeds			0%
Note Proceeds		1,000,000	3%
Transfers from Municipal Sources			0%
Private Sources			0%
Other (identify source _____; if multiple other sources, attach schedule)			0%

\*must be completed where 'Reporting Year' is populated

**Total Amount Deposited in Special Tax Allocation Fund During Reporting Period** 2,652,079

**Cumulative Total Revenues/Cash Receipts** \$ 30,857,523 100%

**Total Expenditures/Cash Disbursements (Carried forward from Section 3.2)** 475,679

**Transfers to Municipal Sources** 1,535,981

**Distribution of Surplus** -

**Total Expenditures/Disbursements** 2,011,660

**NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS** 640,419

**FUND BALANCE, END OF REPORTING PERIOD\*** \$ 11,392,687

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

**Total Amount Designated (Carried forward from Section 3.3)** \$ 11,392,687

(a) Cumulative figures for the categories of 'Interest,' 'Land/Building Sale Proceeds' and 'Other' may not be fully available for this report due to either: (i) the disposal of certain older records pursuant to the City's records retention policy, or (ii) the extraordinary administrative burden of developing cumulative City records prior to the City's conversion to its current accounting system in 2003.





## SECTION 3.2 A

## PAGE 2

7. Cost of job training and retraining, including "welfare to work" programs Subsection (q)(5), (o)(7) and (o)(12)

\$ -

8. Financing costs. Subsection (q) (6) and (o)(8)

\$ -

9. Approved capital costs. Subsection (q)(7) and (o)(9)

\$ -

10. Cost of Reimbursing school districts for their increased costs caused by TIF assisted housing projects. Subsection (q)(7.5) - Tax Increment Allocation Redevelopment TIFs ONLY

\$ -

11. Relocation costs. Subsection (q)(8) and (o)(10)

\$ -

12. Payments in lieu of taxes. Subsection (q)(9) and (o)(11)

\$ -

13. Costs of job training, retraining advanced vocational or career education provided by other taxing bodies. Subsection (q)(10) and (o)(12)

\$ -

**SECTION 3.2 A**

**PAGE 3**

14. Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects. Subsection (q)(11)(A-E) and (o)(13)(A-E)		
		\$ -
15. Costs of construction of new housing units for low income and very low-income households. Subsection (q)(11)(F) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
16. Cost of day care services and operational costs of day care centers. Subsection (q) (11.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
<b>TOTAL ITEMIZED EXPENDITURES</b>		<b>\$ 475,679</b>

Section 3.2 B

FY 2014

TIF NAME: Woodlawn Redevelopment Project Area

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

Name	Service	Amount
City Staff Costs <sup>1</sup>	Administration	\$47,425
SomerCor 504, Inc.	Rehabilitation Program	\$214,500
Motivate International	Public Improvement	\$96,110
Chicago Department of Transportation	Public Improvement	\$91,440

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

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

**SECTION 3.3 - (65 ILCS 5/11-74.4-5 (d) (5) 65 ILCS 11-74.6-22 (d) (5))**

**Breakdown of the Balance in the Special Tax Allocation Fund At the End of the Reporting Period**

FY 2014

TIF NAME: Woodlawn Redevelopment Project Area

FUND BALANCE, END OF REPORTING PERIOD \$ 11,392,687

	Amount of Original Issuance	Amount Designated
--	--------------------------------	-------------------

**1. Description of Debt Obligations**

	\$ -	\$ -
Restricted for debt service		

**Total Amount Designated for Obligations** \$ - \$ -

**2. Description of Project Costs to be Paid**

Restricted for future redevelopment project costs		\$ 11,392,687

**Total Amount Designated for Project Costs** \$ 11,392,687

**TOTAL AMOUNT DESIGNATED** \$ 11,392,687

**SURPLUS\*/(DEFICIT)** \$ -

\* NOTE: If a surplus is calculated, the municipality may be required to repay the amount to overlapping taxing districts (see instructions and statutes).

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

**FY 2014**

**TIF NAME: Woodlawn Redevelopment Project Area**

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

  X   **No property was acquired by the Municipality Within the Redevelopment Project Area**

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

PAGE 1

FY 2014

TIF NAME: Woodlawn Redevelopment Project Area

SECTION 5 PROVIDES PAGES 1-3 TO ACCOMMODATE UP TO 25 PROJECTS. PAGE 1 MUST BE INCLUDED WITH TIF REPORT. PAGES 2-3 SHOULD BE INCLUDED ONLY IF PROJECTS ARE LISTED ON THESE PAGESCheck here if **NO** projects were undertaken by the Municipality Within the Redevelopment Project Area: \_\_\_\_\_**ENTER** total number of projects undertaken by the Municipality Within the Redevelopment Project Area and list them in detail below\*.3

TOTAL:	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
Private Investment Undertaken	\$ -	\$ -	\$ 28,849,528
Public Investment Undertaken	\$ 2,448,579	\$ 1,456,579	\$ 5,000,000
Ratio of Private/Public Investment	0		5 10/13

**Project 1:****Neighborhood Improvement Fund (NIF) \*\***

Project is Ongoing \*\*\*

Private Investment Undertaken			\$ 5,000,000
Public Investment Undertaken	\$ 2,031,507	\$ 456,579	\$ 2,500,000
Ratio of Private/Public Investment	0		2

**Project 2:****Small Business Improvement Fund (SBIF) \*\***

Project is Ongoing \*\*\*

Private Investment Undertaken			\$ 1,000,000
Public Investment Undertaken	\$ 417,072		\$ 500,000
Ratio of Private/Public Investment	0		2

**Project 3:****Historic Strand**

Project is Ongoing \*\*\*

Private Investment Undertaken			\$ 22,849,528
Public Investment Undertaken		\$ 1,000,000	\$ 2,000,000
Ratio of Private/Public Investment	0		11 31/73

**Project 4:**

Private Investment Undertaken (See Instructions)

Public Investment Undertaken

Ratio of Private/Public Investment

0

0

**Project 5:**

Private Investment Undertaken (See Instructions)

Public Investment Undertaken

Ratio of Private/Public Investment

0

0

**Project 6:**

Private Investment Undertaken (See Instructions)

Public Investment Undertaken

Ratio of Private/Public Investment

0

0

<b>Project 7:</b>			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

<b>Project 8:</b>			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

<b>Project 9:</b>			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

<b>Project 10:</b>			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

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

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

**General Notes**

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

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

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

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

Optional: Information in the following sections is not required by law, but would be helpful in evaluating the performance of TIF in Illinois.

**SECTION 6**  
**FY 2014**

**TIF NAME:** Woodlawn Redevelopment Project Area

Provide the base EAV (at the time of designation) and the EAV for the year reported for the redevelopment project area

Year redevelopment project area was designated	Base EAV	Reporting Fiscal Year EAV

List all overlapping tax districts in the redevelopment project area.  
 If overlapping taxing district received a surplus, list the surplus.

\_\_\_\_\_ The overlapping taxing districts did not receive a surplus.

Overlapping Taxing District	Surplus Distributed from redevelopment project area to overlapping districts
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -

**SECTION 7**

Provide information about job creation and retention

Number of Jobs Retained	Number of Jobs Created	Description and Type (Temporary or Permanent) of Jobs	Total Salaries Paid
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -

**SECTION 8**

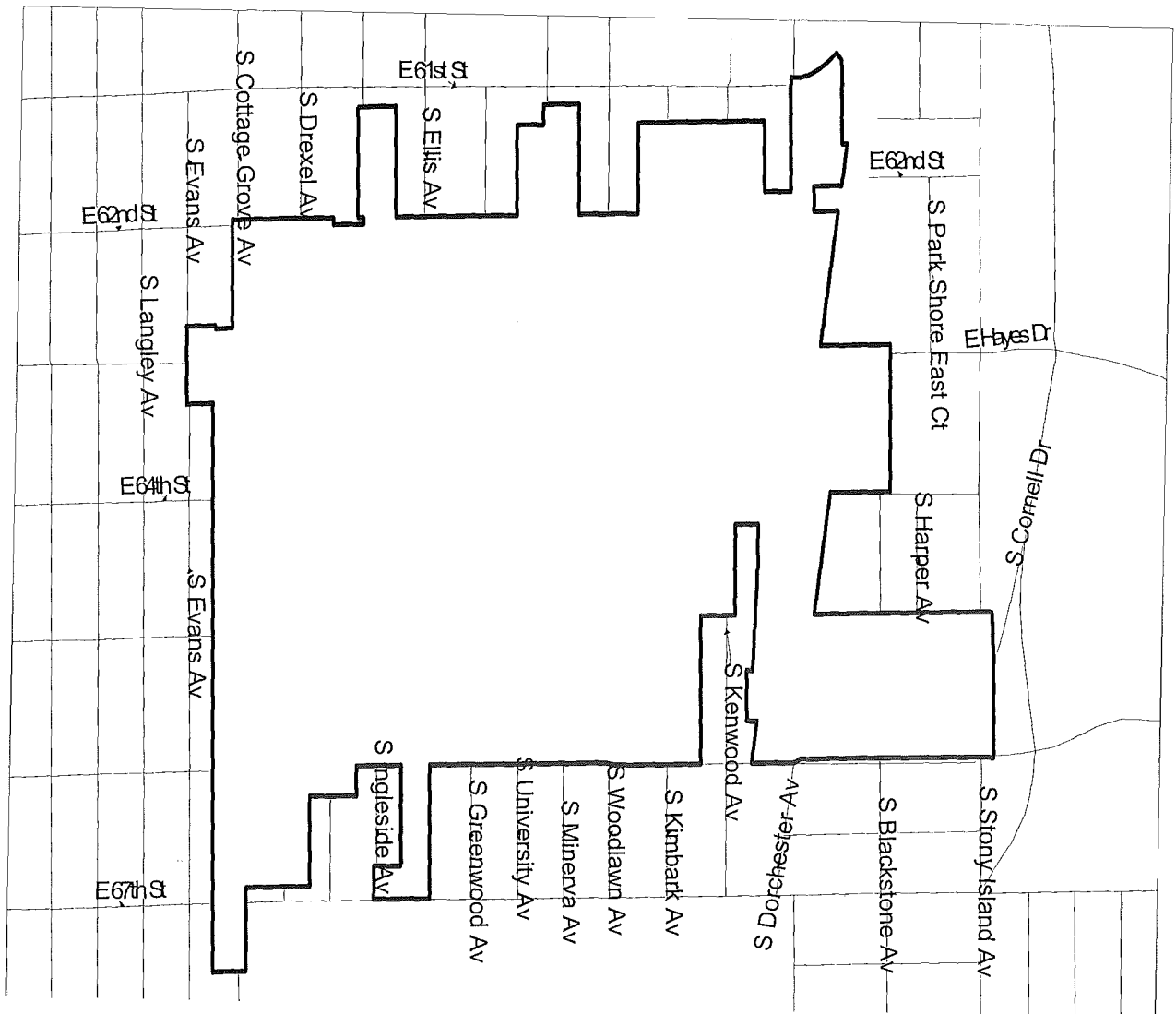
Provide a general description of the redevelopment project area using only major boundaries:

--

Optional Documents	Enclosed	
Legal description of redevelopment project area		
Map of District	X	



# Woodlawn Redevelopment Project Area 2014 Annual Report



STATE OF ILLINOIS)

) SS

**Attachment B**

COUNTY OF COOK )

CERTIFICATION

TO:

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

Jesse Ruiz  
Interim Chief Executive Officer  
Chicago Board of Education  
42 West Madison Street  
Chicago, Illinois 60603

James R. Dempsey  
Associate Vice Chancellor-Finance  
City Colleges of Chicago  
226 West Jackson Boulevard, Room 1125  
Chicago, Illinois 60606

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

Michael Jasso  
Bureau Chief  
Cook County Bureau of Economic Dev.  
69 West Washington Street, Suite 3000  
Chicago, Illinois 60602

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

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

Michael P. Kelly, General Superintendent &  
CEO  
Chicago Park District  
541 North Fairbanks, 7th Floor  
Chicago, Illinois 60611

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

**Attachment B**

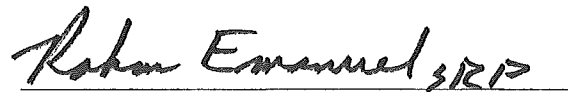
1. I am the duly qualified and acting Mayor of the City of Chicago, Illinois (the "City") and, as such, I am the City's Chief Executive Officer. This Certification is being given by me in such capacity.

2. During the preceding fiscal year of the City, being January 1 through December 31, 2014, the City complied, in all material respects, with the requirements of the Act, as applicable from time to time, regarding the Redevelopment Project Area.

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

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

IN WITNESS WHEREOF, I have hereunto affixed my official signature as of this 30th day of June, 2015.

Handwritten signature of Rahm Emanuel in cursive script, with the date 6/30/15 written at the end of the signature.

Rahm Emanuel, Mayor  
City of Chicago, Illinois



DEPARTMENT OF LAW

June 30, 2015

CITY OF CHICAGO

**Attachment C**

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

Jesse Ruiz  
Interim Chief Executive Officer  
Chicago Board of Education  
42 West Madison Street  
Chicago, Illinois 60603

James R. Dempsey  
Associate Vice Chancellor-Finance  
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Michael P. Kelly, General Superintendent  
& CEO  
Chicago Park District  
541 North Fairbanks, 7th Floor  
Chicago, Illinois 60611

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

Dear Addressees:

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


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

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

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

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

Very truly yours,



Stephen R. Patton  
Corporation Counsel

**SCHEDULE 1**

(Exception Schedule)

No Exceptions

Note the following Exceptions:

**ATTACHMENT D**

**Activities Statement**

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

<b><u>Name of Project</u></b>
Historic Strand



Doc#: 1427416072 Fee: \$150.00  
 RHSP Fee: \$9.00 RPRF Fee: \$1.00  
 Karen A. Yarbrough  
 Cook County Recorder of Deeds  
 Date: 10/01/2014 04:53 PM Pg: 1 of 57

4001498 9/13

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

### HISTORIC STRAND REDEVELOPMENT AGREEMENT

This Historic Strand Redevelopment Agreement (this "**Agreement**") is made as of this 30th day of September, 2014, by and among the City of Chicago, an Illinois municipal corporation (the "**City**"), through its Department of Planning and Development ("**DPD**"), and Historic Strand, LP, an Illinois limited partnership (the "**Partnership**"), Holsten Real Estate Development Corporation, an Illinois corporation ("**Holsten**"), and Holsten Human Capital Development, NFP, an Illinois not-for-profit corporation ("**HHCD**").

#### RECITALS

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

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

**C. City Council Authority:** To induce redevelopment pursuant to the Act, the City Council of the City (the "**City Council**") adopted the following ordinances on January 20, 1999: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the Woodlawn Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the Woodlawn 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 Woodlawn Redevelopment Project Area" (the "**TIF Adoption Ordinance**") (items(1)-(3) collectively referred to herein as the "**TIF Ordinances**"). The redevelopment project area referred to above (the "**Redevelopment Area**") is legally described in Exhibit A hereto.

Pursuant to an ordinance adopted by the City Council of the City on September 10, 2014 (the "**Project Ordinance**") the City has authorized the Commissioner of DPD to execute and deliver this Agreement.

**D. The Project:** The Partnership will purchase, rehabilitate and renovate the approximately 82,758 square foot former historic Strand Hotel, now vacant, located at 6315 South



Cottage Grove Avenue, Chicago, Illinois into a mixed-use commercial and residential building (the "**Building**"). In addition, the Partnership will purchase an adjacent vacant property located at 6314 South Maryland Avenue, Chicago, Illinois for the development of a surface parking lot consisting of twenty-eight (28) parking spaces, including two (2) that will be accessible spaces (the "**Parking Lot**"). The Building and Parking Lot are located within the Redevelopment Area and legally described on Exhibit B hereto (the "**Property**"). Both the Building and the Parking Lot are owned by the City and will be purchased by HHCD or an affiliate thereof through a negotiated sale and transferred to the Partnership.

The Building will be a five-story building containing sixty-three (63) residential units and three (3) commercial units on the ground floor. There will be sixty-two (62) residential units on the second through fifth floors and one (1) residential unit for the on-site Building manager. There will be forty-six (46) spaces for bicycle parking located in the Building and two (2) exterior bicycle parking spaces. Of the sixty-three (63) housing units, fifty-three shall be for households earning no more than sixty percent (60%) of the area median income. These affordable units will satisfy the Chicago Affordable Requirements Ordinance, which requires ten percent (10%) of the total units to be affordable in projects developed on land sold by the City or twenty percent (20%) of the units in projects receiving tax increment financing assistance.

The Building was constructed in 1915 and was listed on National Register of Historic Places on January 29, 2013. The historic architectural features of the Building include the facade and interior lobby and public spaces, which are largely intact. The historic preservation of the Building, the creation of affordable housing for residents of the City, and the return of the tax-exempt Property to the tax rolls will create a substantial public benefit in the City.

The construction of the Building and Parking Lot (including but not limited to those TIF-Funded Improvements as defined below and set forth on Exhibit C) is referred to herein as the "**Project**." The completion of the Project would not reasonably be anticipated without the financing contemplated in this Agreement.

It is anticipated that approximately seventy-five (75) temporary full-time-equivalent construction jobs will be created during the construction of the Project. In addition, the environmental features of the Project will include permeable pavers and rain barrels, and the Building will meet the City's "Energy Star" rating requirements.

**E. Redevelopment Plan:** The Project will be carried out in accordance with this Agreement and the City of Chicago Woodlawn Redevelopment Project Area Tax Increment Financing Program Redevelopment Plan (the "**Redevelopment Plan**") included in the TIF Adoption Ordinance published at pages 87763 through 87845, inclusive, of the Journal of the Proceedings of the City Council.

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

In addition, the City may, in its discretion, issue tax increment allocation bonds ("TIF Bonds") secured by Incremental Taxes pursuant to a TIF bond ordinance (the "TIF Bond Ordinance") at a later date as described in Section 4.03(c) hereof, the proceeds of which (the "TIF Bond Proceeds") may be used to pay for the costs of the TIF-Funded Improvements not previously paid for from

Available Incremental Taxes or in order to reimburse the City for the costs of TIF-Funded Improvements.

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

### SECTION 1. RECITALS, HEADINGS AND EXHIBITS

The foregoing recitals are hereby incorporated into this Agreement by reference. The paragraph and section headings contained in this Agreement, including without limitation those set forth in the following table of contents, are for convenience only and are not intended to limit, vary, define or expand the content thereof. Developer agrees to comply with the requirements set forth in the following exhibits which are attached to and made a part of this Agreement. All provisions listed in the Exhibits have the same force and effect as if they had been listed in the body of this Agreement.

Table of Contents	List of Exhibits
1. Recitals, Headings and Exhibits	A *Redevelopment Area
2. Definitions	B *Property
3. The Project	C *TIF-Funded Improvements
4. Financing	D Construction Contract
5. Conditions Precedent	E *Permitted Liens
6. Agreements with Contractors	F-1 *Project Budget
7. Completion of Construction or Rehabilitation	F-2 *MBE/WBE Budget
8. Covenants/Representations/Warranties of Developer	G Approved Prior Expenditures
9. Covenants/Representations/Warranties of the City	H Opinion of Developer's Counsel
10. Developer's Employment Obligations	I Subordination Agreement
11. Environmental Matters	J Form of Payment and
12. Insurance	Performance Bond
13. Indemnification	K Requisition Form
14. Maintaining Records/Right to Inspect	(An asterisk (*) indicates which exhibits are to be recorded.)
15. Defaults and Remedies	
16. Mortgaging of the Project	
17. Notice	
18. Miscellaneous	

### SECTION 2. DEFINITIONS

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

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

**"Actual Residents of the City"** shall mean persons domiciled within the City.

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

**"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.

**"Annual Compliance Report"** shall mean a signed report from the Partnership to the City, including but not limited to, (a) itemizing each of the Developer's obligations under the RDA during the preceding calendar year, (b) certifying the Developer's compliance or noncompliance with such obligations, (c) attaching evidence (whether or not previously submitted to the City) of such compliance or noncompliance and (d) certifying that the Developer is not in default with respect to any provision of the RDA, the agreements evidencing the Lender Financing, if any, or any related agreements; provided, that the obligations to be covered by the Annual Compliance Report shall include the following: (1) compliance with the Operating Covenant (**Section 8.06**), (2) delivery of Financial Statements and unaudited financial statements (**Section 8.13**), (3) delivery of updated insurance certificates, if applicable (**Section 8.14**), (4) delivery of evidence of payment of Non-Governmental Charges, if applicable (**Section 8.15**), and (5) compliance with all other executory provisions of this Agreement.

**"Available Incremental Taxes"** shall mean, for each payment, an amount equal to the Incremental Taxes on deposit in the Woodlawn Redevelopment Project Area TIF Fund as of December 31st of the calendar year prior to the year in which the Requisition Form for such payment is received by the City, and which are available for the financing or payment of Redevelopment Project Costs, after deducting (i) the 10.0% City Fee, (ii) all Incremental Taxes from a New Project pledged or allocated to assist the New Project, (iii) all Incremental Taxes previously allocated or pledged by the City before the date of this Agreement including, without limitation, (A) Incremental Taxes allocated or pledged to MSAC South Shore High School; (B) Incremental Taxes allocated or pledged to Chicago Public Schools ADA; (C) Incremental Taxes allocated or pledged to the Chicago Park District's Harris Park project; (D) Incremental Taxes allocated or pledged to the Woodlawn Health Center, and (iv) debt service payments with respect to the Bonds, if any.

**"Bond(s)"** shall have the meaning set forth for such term in **Section 8.05** hereof.

**"Bond Ordinance"** shall mean the City ordinance authorizing the issuance of Bonds.

**"Certificate"** shall mean the Certificate of Completion of Rehabilitation described in **Section 7.01** hereof.

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

**"City"** shall have the meaning set forth in the Recitals hereof.

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

**"City Fee"** shall mean the fee described in **Section 4.05(c)** hereof

**"City Funds"** shall mean a maximum of \$2,000,000 from Available Incremental Taxes to be paid to the Partnership for reimbursement of TIF-Funded Improvements.

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

**"Compliance Period"** shall have the meaning set forth in **Section 8.06** hereof.

**"Construction Contract"** shall mean that certain contract, substantially in the form attached hereto as **Exhibit D**, to be entered into between the Partnership and the General Contractor providing for construction of the Project.

**"Construction Lender"** shall mean Citibank, N.A.

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

**"Developer"** shall mean, collectively, the Partnership, Holsten and HHCD.

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

**"Employment Plan"** shall have the meaning set forth in **Section 4.03(f)** hereof.

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

**"Equity"** shall mean funds of the Partnership (other than funds derived from Lender Financing) available for the Project, in the amount set forth in **Section 4.01** hereof, which amount may be increased pursuant to **Section 4.06** (Cost Overruns) and **Section 4.03(b)**.

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

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

**"Final Project Cost"** shall have the meaning set forth in **Section 7.01** hereof.

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

**"General Contractor"** shall mean Linn-Mathes, Inc., the general contractor(s) selected and hired by the Partnership pursuant to **Section 6.01** and approved by DPD.

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

**"Human Rights Ordinance"** shall have the meaning set forth in Section 10 hereof.

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

**"Incremental Taxes From a New Project"** shall mean (a) individually, Incremental Taxes generated by the equalized assessed value ("**EAV**") of the parcel(s) comprising a New Project over and above the initial EAV of such affected parcel(s) as certified by the Cook County Clerk in the certified initial EAV of all tax parcels in the Redevelopment Area and (b) collectively, the sum of Incremental Taxes From a New Project for all New Projects, if there are multiple New Projects.

**"Indemnitees"** shall have the meaning set forth in Section 13.01 hereof.

**"Lender Financing"** shall mean funds, if any, borrowed by the Partnership from lenders and irrevocably available to pay for Costs of the Project, in the amount set forth in Section 4.01 hereof.

**"Limited Partner"** shall mean Alliant Capital, LTD. or an affiliate thereof.

**"MBE(s)"** 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.

**"MBE/WBE Budget"** shall mean the budget attached hereto as Exhibit F-2, as described in Section 10.03.

**"Municipal Code"** shall mean the Municipal Code of the City of Chicago.

**"New Project"** shall mean a development project (a) for which the related redevelopment agreement is recorded on or after the date of this Agreement and (b) which will receive assistance in the form of Incremental Taxes; provided, however, that "New Project" shall not include any development project that is or will be exempt from the payment of ad valorem property taxes.

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

**"Operating Covenant"** shall have the meaning set forth in Section 8.06 hereof.

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

**"Permitted Mortgage"** shall have the meaning set forth in **Section 16** hereof.

**"Planned Development"** shall mean that certain Planned Development authorized by the City Council on March 5, 2014 and published at pages 76293 through 76307 in the Journal of the Proceedings of the City Council of such date.

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

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

**"Project"** shall have the meaning set forth in the Recitals hereof.

**"Project Budget"** shall mean the budget attached hereto as **Exhibit F-1**, showing the total cost of the Project by line item, furnished by the Partnership to DPD, in accordance with **Section 3.03** hereof.

**"Property"** shall have the meaning set forth in the Recitals hereof.

**"Redevelopment Area"** shall have the meaning set forth in the Recitals hereof.

**"Redevelopment Plan"** shall have the meaning set forth in the Recitals hereof.

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

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

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

**"Subordination Agreement"** shall mean the document, in substantially the form attached hereto as **Exhibit I**, to be executed pursuant to **Section 5.04** of this Agreement.

**"Survey"** shall mean a plat of survey in the most recently revised form of ALTA/ACSM land title survey of the Property, meeting the 2011 Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys, effective February 23, 2011, dated within 75 days prior to the Closing Date, acceptable in form and content to the City and the Title Company, prepared by a surveyor registered in the State of Illinois, certified to the City and the Title Company, and indicating whether the Property is in a flood hazard area as identified by the United States Federal Emergency Management Agency (and updates thereof to reflect improvements to the Property in connection with the completion of the Project as required by the City or Lender(s) providing Lender Financing).

**"Term of the Agreement"** shall mean the period of time commencing on the Closing Date and concluding at the end of the Compliance Period.

**"TIF Adoption Ordinance"** shall have the meaning set forth in the Recitals hereof.

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

**"TIF Ordinances"** shall have the meaning set forth in the Recitals hereof.

**"Title Company"** shall mean Greater Illinois Title Company, as agent for Chicago Title Insurance Company.

**"Title Policy"** shall mean an owner's title insurance policy in the most recently revised ALTA or equivalent form, showing the Partnership as the insured, noting the recording of this Agreement as an encumbrance against the Property and, a subordination agreement in favor of the City with respect to previously recorded liens against the Property, if any, related to Lender Financing, if any, issued by the Title Company, and containing only those title exceptions listed as Permitted Liens on **Exhibit E** hereto.

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

**"WBE(s)"** 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.

**"Woodlawn TIF Fund"** shall mean the special tax allocation fund created by the City in connection with the Redevelopment Area into which the Incremental Taxes will be deposited.

### SECTION 3. THE PROJECT

**3.01 The Project.** With respect to the Project, the Partnership shall, pursuant to the Plans and Specifications and subject to the provisions of **Section 18.17** hereof, commence the Project no later than November 30, 2014 and complete the Project and commence operations therein no later than December 31, 2015, or such later date as to which DPD may consent. The Partnership shall be bound by the Operating Covenant and other obligations and deadlines described in **Section 8.06** and elsewhere in this Agreement.

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

**3.03 Project Budget.** The Partnership has furnished to DPD, and DPD has approved, a Project Budget showing total costs for the Project in an amount not less than Twenty-Two Million

Eight Hundred Forty-Nine Thousand and Five Hundred Twenty-Eight Dollars (\$22,849,528). The Partnership hereby certifies to the City that (a) the City Funds, together with Lender Financing and Equity described in Section 4.02 hereof, shall be sufficient to complete the Project and (b) to the best of Partnership's knowledge, the Project Budget is true, correct and complete in all material respects. The Partnership shall promptly deliver to DPD copies of any Change Orders with respect to the Project Budget for approval pursuant to Section 3.04 hereof.

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

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

**3.06 Other Approvals.** Any DPD approval under this Agreement shall have no effect upon, nor shall it operate as a waiver of, the Partnership's obligations to comply with the provisions of Section 5.03 (Other Governmental Approvals) hereof. The Partnership shall not commence construction of the Project until the Partnership has obtained all necessary permits and approvals (including but not limited to DPD's approval of the Scope Drawings and Plans and Specifications) and proof of the General Contractor's and each subcontractor's bonding as required hereunder.

**3.07 Progress Reports.** The Partnership shall provide DPD with written quarterly progress reports detailing the status of the Project, including a revised completion date, if necessary (with any change in completion date being considered a Change Order, requiring DPD's written approval pursuant to Section 3.04).

**3.08 Inspecting Agent or Architect.** The independent agent or architect (other than the Partnership's architect) selected by the lender providing Lender Financing or the Limited Partner may 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 the Partnership's account and will be promptly paid by the Partnership. The inspecting agent or architect will perform periodic inspections with respect to the Project, providing written certifications with respect thereto to DPD, prior to requests for disbursements for costs related to the Project.

**3.09 Barricades.** Prior to commencing any construction requiring barricades, the Partnership shall install a construction barricade of a type and appearance satisfactory to the City and constructed in compliance with all applicable federal, state or City laws, ordinances and regulations. DPD retains the right to approve the maintenance, appearance, color scheme, painting, nature, type, content and design of all barricades.



**3.10 Signs and Public Relations.** The Partnership shall erect a sign of size and style approved by the City in a conspicuous location on the Property during the Project, 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 other pertinent information regarding the Partnership, the Property and the Project in the City's promotional literature and communications.

**SECTION 4. FINANCING**

**4.01 Total Project Cost and Sources of Funds.** The cost of the Project is estimated to be Twenty-Two Million Eight Hundred Forty-Nine Thousand and Five Hundred Twenty-Eight Dollars (\$22,849,528) to be applied in the manner set forth in the Project Budget. Such costs shall be funded from the following sources:

<u>Sources</u>	<u>Amount</u>
Equity (subject to Sections 4.03(b) and 4.06)	\$15,773,040
LIHTC(\$12,403,829)	
HTC(\$3,369,210)	
HOME Loan from City	\$ 4,658,111
City Funds	\$ 2,000,000
General Partner Equity	\$ 100
IAHTC from City	\$ 289,488
DCEO Grant	\$ 128,790
 <b>Estimated Total</b>	 <b><u>\$22,849,528</u></b>

During construction of the Project, the Partnership will secure a construction loan of an amount not to exceed \$13,500,000, which will be paid off by Equity and City Funds. A maximum of \$1,000,000 of City Funds will be provided during construction with the remainder being provided upon the issuance of the Certificate, as provided in Section 4.03.

**4.02 Developer Funds.** Equity and/or Lender Financing may be used to pay any Project cost, including but not limited to Redevelopment Project Costs.

**4.03 City Funds.**

(a) Uses of City Funds. City Funds may only be used to pay down the Construction Loan or to directly or reimburse the Developer. The City Funds will be paid to Holsten, which will then either loan or contribute the City Funds to the Partnership for costs of TIF-Funded Improvements that constitute Redevelopment Project Costs. Exhibit C sets forth, by line item, the TIF-Funded Improvements for the Project, and the maximum amount of costs that may be paid by or reimbursed from City Funds for each line item therein (subject to Sections 4.03(b) and 4.05(d)), contingent upon receipt by the City of documentation satisfactory in form and substance to DPD evidencing such cost and its eligibility as a Redevelopment Project Cost.

(b) Sources of City Funds. Subject to the terms and conditions of this Agreement, including but not limited to this Section 4.03 and Section 5 hereof, the City hereby agrees to provide City funds from the sources and in the amounts described directly below (the "City Funds") to pay for or reimburse the Developer for the costs of the TIF-Funded Improvements:

<u>Source of City Funds</u>	<u>Maximum Amount</u>
Available Incremental Taxes and/or TIF Bond Proceeds	\$2,000,000

provided, however, that the total amount of City Funds expended for TIF-Funded Improvements shall be an amount not to exceed the lesser of Two Million Dollars (\$2,000,000) or 8.753% of the actual total Project costs; and provided further, that the \$2,000,000 to be derived from Available Incremental Taxes and/or TIF Bond proceeds, if any, shall be available to pay costs related to TIF-Funded Improvements and allocated by the City for that purpose only so long as:

(i) The amount of the Available Incremental Taxes deposited into the Woodlawn TIF Fund shall be sufficient to pay for such costs; or

(ii) The City has been reimbursed from Available Incremental Taxes for the amount previously disbursed by the City for TIF-Funded Improvements; or

(iii) The City agrees to issue TIF Bonds pursuant to, and subject to the conditions set forth in, Section 4.03(c).

The Developer acknowledges and agrees that the City's obligation to pay for TIF-Funded Improvements up to a maximum of \$2,000,000 is contingent upon the fulfillment of the conditions set forth in parts (i), (ii), and (iii) above. In the event that such conditions are not fulfilled, the amount of Equity to be contributed by the Developer pursuant to Section 4.01 hereof shall increase proportionately.

Subject to the terms and conditions of this Agreement, including but not limited to this Section 4.03 and Section 5 hereof, the City hereby agrees to reimburse the Developer with City Funds in the form of a \$1,000,000 payment when a minimum of 50% of the Project Budget has been expended by the Developer. A second \$1,000,000 payment of City Funds will be made upon issuance of the Certificate. The first payment of City Funds is subject to certification of at least \$1,000,000 in TIF-eligible costs paid by the Developer and approved by the City. In addition, the second payment is subject to certification of at least an additional \$1,000,000 in TIF-eligible costs paid by the Developer but approved by the City prior to the Completion Date.

The Developer shall have priority for Available Incremental Taxes ahead of all projects **EXCEPT** for the following projects approved prior to the adoption of the Project Ordinance: [List to be inserted at Closing]

(c) TIF Bonds.

(i) The Commissioner of DPD and the Comptroller, in their sole discretion, may agree upon the request of the Developer to 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 Comptroller, is marketable under the then current market conditions; provided, however, that if, in the opinion of the Comptroller, there is an insufficient market for such TIF Bonds or if the issuance of such TIF Bonds would adversely affect the City's credit rating or in any other way adversely affect City finances, such officials will not be required to recommend approval of such ordinance(s). The Developer will cooperate with the City in the issuance of TIF Bonds, as provided in Section 8.05 hereof.

(ii) Prior to the submission of any such ordinance for approval by the City Council, the Developer shall agree to pay the costs of issuing such TIF Bonds attributable to the provision of City Funds under this Agreement including but not limited to bond counsel fees, underwriters' fees and consultants' fees, and shall identify its source of funding with respect thereto.

#### **4.04 Requisition Form.**

(a) When the Developer submits documentation to the City in connection with a request for the payment of the City Funds as described in **Section 4.03**, the Developer shall provide DPD with a Requisition Form.

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

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

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

(iii) the Developer has approved all work and materials for the current Requisition Form, and such work and materials conform to the Plans and Specifications;

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

(v) the Developer has received no notice and has no knowledge of any liens or claim of lien either filed or threatened against the Property which have not been bonded except for the Permitted Liens;

(vi) to best of Developer's knowledge, no Event of Default or condition or event which, with the giving of notice or passage of time or both, would constitute an Event of Default exists or has occurred; and

(vii) the Project is In Balance. The Project shall be deemed to be in balance ("**In Balance**") only if the total of the available Project funds equals or exceeds the aggregate of the amount necessary to pay all unpaid Project costs incurred or to be incurred in the completion of the Project. "**Available Project Funds**" as used herein shall mean: (i) the undisbursed City Funds; (ii) the undisbursed Lender Financing, if any; (iii) the undisbursed Equity and (iv) any other amounts deposited by the Developer pursuant to this Agreement.

The City shall have the right, in its discretion, to require the Developer to submit further documentation as the City may require in order to verify that the matters certified to above are true and correct, and any acceptance of a Requisition Form by the City shall be subject to the City's review and approval of such documentation and its satisfaction that such certifications are true and

correct; provided, however, that nothing in this sentence shall be deemed to prevent the City from relying on such certifications by the Developer. The Developer shall meet with DPD, if requested, to discuss any Requisition Form previously delivered.

#### **4.05 Treatment of Prior Expenditures and Subsequent Disbursements.**

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

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

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

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

**4.07 Conditional Grant**. The City Funds being provided hereunder are being granted on a conditional basis, subject to the Developer's compliance with the provisions of this Agreement. The City Funds are subject to being reimbursed as provided in **Section 15.02** hereof.

### **SECTION 5. CONDITIONS PRECEDENT**

The following conditions have been complied with to the City's satisfaction on or prior to the Closing Date:

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

**5.02 Scope Drawings and Plans and Specifications**. The Partnership has submitted to DPD, and DPD has approved, the Scope Drawings and Plans and Specifications accordance with the provisions of **Section 3.02** hereof.

**5.03 Other Governmental Approvals.** The Partnership has secured all other necessary approvals and permits required by any state, federal, or local statute, ordinance or regulation and has submitted evidence thereof to DPD.

**5.04 Financing.** The Partnership has furnished proof reasonably acceptable to the City that the Partnership has Equity, Lender Financing and all other sources of funds in the amounts set forth in **Section 4.01** hereof to complete the Project and satisfy its obligations under this Agreement. If a portion of such funds consists of Lender Financing, the Partnership has furnished proof as of the Closing Date that the proceeds thereof are available to be drawn upon by the Partnership as needed and are sufficient (along with the Equity set forth in **Section 4.01**) to complete the Project. The Partnership has delivered to DPD a copy of the construction escrow agreement, if any, entered into by the Partnership regarding the Lender Financing. Any liens against the Property or Project related to Lender Financing in existence at the Closing Date have been subordinated to certain encumbrances of the City set forth herein in **Sections 8.02 and 8.06** pursuant to a Subordination Agreement executed on or prior to the Closing Date, which is to be recorded, at the expense of the Partnership, with the Office of the Recorder of Deeds of Cook County.

**5.05 Ownership and Title.** On the Closing Date, the Partnership has furnished the City with a copy of the Title Policy for the Property or a binding, signed, marked-up commitment to issue such Title Policy, certified by the Title Company, showing the Partnership as the named insured. The Title Policy is dated as of the Closing Date and contains only those title exceptions listed as Permitted Liens on **Exhibit E** hereto and evidences the recording of this Agreement pursuant to the provisions of **Section 8.18** hereof. The Title Policy also contains such endorsements as shall be required by Corporation Counsel, including but not limited to an owner's comprehensive endorsement and satisfactory endorsements regarding zoning (3.1 with parking), contiguity, location, and access. The Partnership has provided to DPD, on or prior to the Closing Date, documentation related to all easements and encumbrances of record with respect to the Property not addressed, to DPD's satisfaction, by the Title Policy and any endorsements thereto.

**5.06 Evidence of Clean Title.** The Partnership, at its own expense, has provided the City with searches for Developer as follows:

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

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

**5.07 Survey.** The Partnership has furnished the City the Survey – in an electronic format and one (1) copy with original signatures and seal.

**5.08 Insurance.** The Partnership, at its own expense, has insured the Property in accordance with Section 12 hereof, and has delivered certificates required pursuant to Section 12 hereof evidencing the required coverages to DPD.

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

**5.10 Evidence of Prior Expenditures.** The Developer has provided evidence satisfactory to DPD in its sole discretion of the Prior Expenditures in accordance with the provisions of Section 4.05(a) hereof.

**5.11 Financial Statements.** The Partnership and Holsten have provided Financial Statements to DPD for its most recent fiscal year, and audited or unaudited interim financial statements.

**5.12 Documentation.** The Developer has provided documentation to DPD, satisfactory in form and substance to DPD, with respect to current employment matters.

**5.13 Environmental.** The Partnership has provided DPD with copies of all environmental reports or audits, if any, obtained by the Partnership with respect to the Property, together with notices addressed to the Partnership from any agency regarding environmental issues at the Property. The Partnership has provided the City with a letter from the environmental engineer(s) who completed audit(s) for the Partnership, authorizing the City to rely on such audits.

**5.14 Corporate Documents; Economic Disclosure Statement.** The Developer has provided a copy of its organizational documents containing the original certification of the Secretary of State of its state organization; certificates of good standing from the Secretary of State of its state of organization and all other states in which the Developer is qualified to do business; a secretary's certificate in such form and substance as the Corporation Counsel may require; partnership agreement of the Developer; and such other organizational documentation as the City has requested. The Developer has provided to the City an Economic Disclosure Statement, in the City's then current form, dated as of the Closing Date.

**5.15 Litigation.** The Developer has provided to Corporation Counsel and DPD, a description of all pending or threatened litigation or administrative proceedings involving the 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.

## SECTION 6. AGREEMENTS WITH CONTRACTORS

### 6.01 Bid Requirement for General Contractor and Subcontractors.

(a) DPD acknowledges that the Partnership has selected Linn-Mathes, Inc. or an Affiliate as the General Contractor for the Project. The Partnership will cause the General Contractor to solicit bids for work on the Project solely from qualified subcontractors eligible to do business with the City of Chicago.

(b) Partnership must submit copies of the Construction Contract to DPD as required under Section 6.02 below. Upon the written request of the City, Partnership 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 Partnership must ensure that the General Contractor will not (and must cause the General Contractor to ensure that the subcontractors will not) begin work on the Project (or any phase thereof) until the applicable Plans and Specifications for that phase have been approved by the City and all requisite permits have been obtained.

**6.02 Construction Contract.** Prior to the execution thereof, the Partnership 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 Partnership, the General Contractor and any other parties thereto, the Partnership 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 the commencement of any portion of the Project which includes work on the public way, the Partnership shall require that the General Contractor be bonded for its payment by sureties having an AA rating or better using a bond in the form attached as Exhibit J hereto. The City and the Limited Partner shall be named as obligee or co-obligee on any such bonds.

**6.04 Employment Opportunity.** The Partnership shall contractually obligate and cause the General Contractor and each subcontractor to agree to the provisions of Section 10 hereof.

**6.05 Other Provisions.** In addition to the requirements of this Section 6, the Construction Contract and each contract with any subcontractor shall contain provisions required pursuant to Section 3.04 (Change Orders), Section 8.09 (Prevailing Wage), Section 10.01(e) (Employment Opportunity), Section 10.02 (City Resident Employment Requirement), Section 10.03 (MBE/WBE Requirements, as applicable), Section 12 (Insurance) and Section 14.01 (Books and Records) hereof.

## SECTION 7. COMPLETION OF CONSTRUCTION OR REHABILITATION

**7.01 Certificate of Completion of Construction or Rehabilitation.** Upon completion of the Project in accordance with the terms of this Agreement, and upon the Partnership's written request, which shall include a final Project budget detailing the total actual cost of the construction of the Project (the "**Final Project Cost**"), DPD shall issue to the Partnership a Certificate in recordable form certifying that the Partnership has fulfilled its obligation to complete the Project in accordance with the terms of this Agreement. The Certificate will not be issued until the following requirements have been met, as supported by such evidence as the City may require in its sole discretion:

- (i) The Partnership has completed construction of the Interior Build-out according to the Plans and Specifications;
- (ii) The Final Project Cost incurred by the Partnership is at least \$22,849,528; provided, however, that in the event that the Final Project Cost is less than \$22,849,528, the total amount of City Funds shall not be greater than 8.753% of the Final Project Cost, as described in Section 4.03(b);
- (v) Receipt of a Certificate of Occupancy;
- (vi) The City's Monitoring and Compliance Unit has verified that the Partnership is in full compliance with City requirements set forth in Section 10 (including, without limitation, Sections 10.02 and 10.03), Section 8.06 and Section 8.09 (M/WBE, City Residency and Prevailing Wage) with respect to construction of the Project, and that 100% of the Partnership's MBE/WBE Commitment in Section 10.03 has been fulfilled; and
- (vii) There exists neither an Event of Default (after any applicable cure period) which is continuing nor a condition or event which, with the giving of notice or passage of time or both, would constitute an Event of Default.

DPD shall respond to the Partnership's written request for a Certificate within thirty (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 the Partnership in order to obtain the Certificate. Partnership 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.

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

Those covenants specifically described in Section 5.04 as covenants that run with the land are the only covenants in this Agreement intended to be binding upon any transferee of the Property (including an assignee as described in the following sentence) throughout the Term of the Agreement notwithstanding the issuance of a Certificate. The other executory terms of this Agreement that remain after the issuance of a Certificate shall be binding only upon the Partnership or a permitted assignee of the Partnership who, pursuant to Section 18.15 of this Agreement, has contracted to take an assignment of the Partnership's rights under this Agreement and assume the Partnership's liabilities hereunder.

**7.03 Failure to Complete.** If the Partnership fails to complete the Project in accordance with the terms of this Agreement, then the City has, but shall not be limited to, any of the following rights and remedies:



(a) the right to terminate this Agreement and any other related agreements to which the City and the Partnership are or shall be parties and/or cease all disbursement of City Funds not yet disbursed pursuant hereto;

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

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

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

## **SECTION 8. COVENANTS/REPRESENTATIONS/WARRANTIES OF THE PARTNERSHIP.**

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

(a) Holsten is an Illinois corporation, duly organized, validly existing and in good standing (Holsten only);

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

(c) Holsten 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 (Holsten only);

(d) HHCD is an Illinois not-for-profit corporation, duly organized, validly existing and in good standing (HHCD only);

(e) the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate action, and does not and will not violate HHCD's Articles of Incorporation as amended and supplemented, its bylaws, any applicable provision of law, or constitute a breach of, default under or require any consent under any agreement, instrument or document to which HHCD is now a party or by which HHCD or any of its assets is now or may become bound (HHCD only); HHCD has the right, power and authority to enter into, execute, deliver and perform this Agreement (HHCD only);

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

(g) the Partnership is now and for the Term of the Agreement shall remain solvent and able to pay its debts as they mature (Partnership only);

(h) unless otherwise permitted or not prohibited pursuant to or under the terms of this Agreement, the Partnership shall maintain good, indefeasible and merchantable title to the Property free and clear of all liens (except for the Permitted Liens, Lender Financing as disclosed in the Project Budget and non-governmental charges that the Developer is contesting in good faith pursuant to Section 8.15 hereof) (Partnership only);

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

(j) the Partnership 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 (Partnership only);

(k) the Partnership 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 Partnership is a party or by which Partnership or any of its assets is bound which would materially adversely affect its ability to comply with its obligations under this Agreement (Partnership only);

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

(m) prior to issuance of the Certificate, if it would materially impact Partnership's ability to perform under this Agreement, the Partnership shall not do any of the following without the prior written consent of DPD: (1) be a party to any merger, liquidation or consolidation; (2) sell, transfer, convey, lease or otherwise dispose of all or substantially all of its assets or any portion of the Property in which it has an interest (including but not limited to any fixtures or equipment now or hereafter attached thereto) except in the ordinary course of business; (3) enter into any transaction outside the ordinary course of the Partnership's business; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity; or (5) enter into any transaction that would cause a material and detrimental change to the Partnership's financial condition; provided, however, this section shall not apply to any commercial leases entered

into in the ordinary course of business, it being acknowledged that Partnership shall have the right to enter into commercial leases in the ordinary course of business for the commercial, non-residential portions of Property on such terms as are determined by Partnership (Partnership only);

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

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

(m) neither the Partnership nor any affiliate of the Partnership is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce or their successors, or on any other list of persons or entities with which the City may not do business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List. For purposes of this subparagraph (m) only, the term "affiliate," when used to indicate a relationship with a specified person or entity, means a person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified person or entity, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.

**8.02 Covenant to Redevelop.** Upon DPD's approval of the Project Budget, the Scope Drawings and Plans and Specifications as provided in **Sections 3.02** and **3.03** hereof, and the Partnership's receipt of all required building permits and governmental approvals, the Partnership shall redevelop the Property in accordance with this Agreement and all Exhibits attached hereto, the TIF Ordinances, the Bond Ordinance, the Scope Drawings, Plans and Specifications, Project Budget and all amendments thereto, and all federal, state and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project, the Property and/or the Partnership. The covenants set forth in this Section shall be deemed satisfied upon issuance by the City of a Certificate with respect thereto.

**8.03 Redevelopment Plan.** The Partnership represents that the Project is and shall be in compliance with all of the terms of the Redevelopment Plan and the Planned Development.

**8.04 Use of City Funds.** City Funds disbursed to the Developer shall be used by the Developer solely to pay for (or to reimburse the Developer for its payment for) the TIF-Funded Improvements as provided in this Agreement.

**8.05 Other Bonds.** The Developer shall, at the request of the City, agree to any reasonable amendments to this Agreement that are necessary or desirable in order for the City to issue (in its sole discretion) any bonds in connection with the Redevelopment Area, the proceeds of which may be used to reimburse the City for expenditures made in connection with, or provide a source of funds for the payment for, the TIF-Funded Improvements (the "Bonds"); provided, however, that any such amendments shall not have a material adverse effect on the Developer or the Project. The Developer shall, at the Developer's expense, cooperate and provide reasonable assistance in connection with the marketing of any such Bonds, including but not limited to providing written descriptions of the Project, making representations, providing information regarding its financial condition and assisting the City in preparing an offering statement with respect thereto.

**8.06 Operating Covenant.**

(a) Regulatory Agreement Compliance. The Partnership hereby covenants to construct, operate and maintain the Property and Project as described in Recital D throughout the Compliance Period in accordance with that certain Regulatory Agreement entered into by the City and the Partnership as of even date herewith.

(b) Remedy. In the event of a default for any of the Operating Covenant, the City shall have the right to recapture the full amount of all City Funds previously paid or disbursed to the Partnership for the Project and to exercise any other remedies described or referred to in this Agreement.

(c) Affordable Units. Of the 63 units comprising the Project, 53 units (or 84% of the Project's units) shall be housing units affordable to households with incomes not greater than 60% AMI.

(d) Covenants Running with the Land. The parties agree that the restrictions contained in this Section 8.06 are covenants running with the land and shall be binding on any transferee.

**8.07 Employment Opportunity; Progress Reports.** The Partnership covenants and agrees to abide by, and contractually obligate and use reasonable efforts to cause the General Contractor and each subcontractor to abide by the terms set forth in Section 10 hereof. The Partnership shall deliver to the City written progress reports detailing compliance with the requirements of Sections 8.09, 10.02 and 10.03 of this Agreement. Such reports shall be delivered to the City when the Project is 25%, 50%, 70% and 100% completed (based on the amount of expenditures incurred in relation to the Project Budget). Notwithstanding the foregoing, if the Project is begun before the Closing occurs, then at Closing the Partnership shall deliver to the City a written progress report detailing compliance with the requirements of Sections 8.09, 10.02 and 10.03 of this Agreement based on the portion of the Project completed prior to Closing. If any such reports indicate a shortfall in compliance, the Partnership shall also deliver a plan to DPD which shall outline, to DPD's satisfaction, the manner in which the Partnership shall correct any shortfall.

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

**8.09 Prevailing Wage.** The Partnership covenants and agrees to pay, and to contractually obligate and cause the General Contractor and each subcontractor to pay, the prevailing wage rate as ascertained by the Illinois Department of Labor (the "Department"), to all Project employees. All

such contracts shall list the specified rates to be paid to all laborers, workers and mechanics for each craft or type of worker or mechanic employed pursuant to such contract. If the Department revises such prevailing wage rates, the revised rates shall apply to all such contracts. Upon the City's request, the Partnership shall provide the City with copies of all such contracts entered into by the Partnership or the General Contractor to evidence compliance with this **Section 8.09**.

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

**8.11 Conflict of Interest.** Pursuant to Section 5/11-74.4-4(n) of the Act, the 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 the Developer with respect thereto, owns or controls, has owned or controlled or will own or control any interest, and no such person shall represent any person, as agent or otherwise, who owns or controls, has owned or controlled, or will own or control any interest, direct or indirect, in the Developer's business, the Property or any other property in the Redevelopment Area.

**8.12 Disclosure of Interest.** The Developer's counsel has no direct or indirect financial ownership interest in the Developer, the Property or any other aspect of the Project exceeding 7.5%

**8.13 Financial Statements.** The Partnership shall obtain and provide to DPD Financial Statements for the Partnership's fiscal year ended 2012 and each year thereafter for the Term of the Agreement. In addition, the Partnership shall submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other periods as DPD may request.

**8.14 Insurance.** The Partnership, at its own expense, shall comply with all provisions of **Section 12** hereof.

**8.15 Non-Governmental Charges.**

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

(b) **Right to Contest.** The Partnership has the right, before any delinquency occurs:

(i) to contest or object in good faith to the amount or validity of any Non-Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted, in such manner as shall stay the collection of the contested Non-Governmental Charge, prevent the imposition of a lien or remove such lien, or prevent the sale or forfeiture of the Property (so long as no such contest or objection shall be deemed or construed to relieve, modify or extend the Partnership's covenants to pay any such Non-Governmental Charge at the time and in the manner provided in this **Section 8.15**); or

(ii) if required by a court or other applicable judicial or administrative body, to furnish a good and sufficient bond or other security or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Property or any portion thereof or any fixtures that are or may be attached thereto, during the pendency of such contest, adequate to pay fully any such contested Non-Governmental Charge and all interest and penalties upon the adverse determination of such contest.

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

**8.17 Compliance with Laws.** To the best of the Partnership's knowledge, after diligent inquiry, the Property and the Project are and shall be in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, executive orders and codes pertaining to or affecting the Project and the Property. Upon the City's request, the Partnership shall provide evidence reasonably satisfactory to the City of such compliance, to the extent that such evidence is in the possession or control of the Partnership.

**8.18 Recording and Filing.** The Partnership shall cause this Agreement, certain exhibits (as specified by Corporation Counsel), all amendments and supplements hereto to be recorded and filed against the Property on the date hereof in the conveyance and real property records of the county in which the Project is located. This Agreement shall be recorded prior to any mortgage made in connection with Lender Financing. The Partnership shall pay all fees and charges incurred in connection with any such recording. Upon recording, the Partnership shall immediately transmit to the City an executed original of this Agreement showing the date and recording number of record.

**8.19 Real Estate Provisions.**

(a) **Governmental Charges.**

(i) **Payment of Governmental Charges.** The Partnership agrees to pay or cause to be paid when due all Governmental Charges (as defined below) which are assessed or imposed upon the Partnership, the Property or the Project, or become due and payable, and which create, may create, or appear to create a lien upon the Partnership or all or any portion of the Property or the Project. "Governmental Charge" shall mean all federal, State, county, the City, or other governmental (or any instrumentality, division, agency, body, or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances (except for those assessed by foreign nations, states other than the State of Illinois, counties

of the State other than Cook County, and municipalities other than the City) relating to the Partnership, the Property or the Project including but not limited to real estate taxes.

(ii) Right to Contest. The Partnership 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 forfeiture of the Property. No such contest or objection shall be deemed or construed in any way as relieving, modifying or extending the Partnership's covenants to pay any such Governmental Charge at the time and in the manner provided in this Agreement unless the Partnership has given prior written notice to DPD of the Partnership's intent to contest or object to a Governmental Charge and, unless, at DPD's sole option,

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

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

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

(c) Building Code. The City shall not fine or otherwise try to collect payment from the Partnership for any building code violation present at the time of Closing before the Certificate of Completion has been issued.

**8.20 Annual Compliance Report.** Beginning with the issuance of the Certificate and continuing throughout the Term of the Agreement, the Partnership shall submit to DPD the Annual Compliance Report on or before March 1 after the end of the calendar year to which the Annual Compliance Report relates.

**8.22 Survival of Covenants.** All warranties, representations, covenants and agreements of the Developer contained in this Section 8 and elsewhere in this Agreement shall be true, accurate

and complete at the time of the Developer's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and (except as provided in **Section 7** hereof upon the issuance of a Certificate) shall be in effect throughout the Term of the Agreement.

## SECTION 9. COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY

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

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

## SECTION 10. PARTNERSHIP'S EMPLOYMENT OBLIGATIONS

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

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

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



(c) Each Employer shall comply with all 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 Illinois Human Rights Act, 775 ILCS 5/1-101 et seq. (1993), and any subsequent amendments and regulations promulgated thereto.

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

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

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

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

The Partnership 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.

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

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

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

The Partnership, the General Contractor and each subcontractor shall provide full access to their employment records 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. The Partnership, the General Contractor and each subcontractor shall maintain all relevant personnel data and records for a period of at least three (3) years after final acceptance of the work constituting the Project.

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

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

When work at the Project is completed, in the event that the City has determined that the Partnership has failed to ensure the fulfillment of the requirement of this Section concerning the worker hours performed by actual Chicago residents or failed to report in the manner as indicated above, the City will thereby be damaged in the failure to provide the benefit of demonstrable employment to Chicagoans to the degree stipulated in this Section. Therefore, in such a case of non-compliance, it is agreed that 1/20 of 1 percent (0.0005) of the aggregate hard construction costs set forth in the Project budget (the product of .0005 x such aggregate hard construction costs) (as the same shall be evidenced by approved contract value for the actual contracts) shall be surrendered by the Partnership to the City in payment for each percentage of shortfall toward the stipulated residency requirement. Failure to report the residency of employees entirely and correctly shall result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. The willful falsification of statements and the certification of payroll data may subject the Partnership, the General Contractor and/or the subcontractors to prosecution. The City may obtain payment of the liquidated damages hereunder, in the amount the appropriate City or official determines are due. **Any retainage to cover contract performance that may become due to the Partnership pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Chief Procurement Officer's determination as to whether the Partnership must surrender damages as provided in this paragraph.**

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

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

**10.03. MBE/WBE Commitment.** The Partnership 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 MBE/WBE Budget (as set forth in **Exhibit F-2** hereto) shall be expended for contract participation by MBEs and by WBEs:

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

(b) For purposes of this **Section 10.03** only, the Partnership (and any party to whom a contract is let by the Partnership in connection with the Project) shall be deemed a "contractor" and this Agreement (and any contract let by the Partnership 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.

(c) Consistent with Sections 2-92-440 and 2-92-720, Municipal Code of Chicago, the Partnership's MBE/WBE commitment may be achieved in part by the Partnership's status as an MBE or WBE (but only to the extent of any actual work performed on the Project by the Partnership) 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 Partnership 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 Partnership's MBE/WBE commitment as described in this **Section 10.03**. In accordance with Section 2-92-730, Municipal Code of Chicago, the Partnership shall not substitute any MBE or WBE General Contractor or subcontractor without the prior written approval of DPD.

(d) The Partnership 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 Partnership 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 Partnership's compliance with this MBE/WBE commitment. The Partnership 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 Partnership, on five Business Days' notice, to allow the City to review the Partnership'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 Partnership 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 Partnership'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 Partnership shall be required to meet with the City's monitoring staff with regard to the Partnership'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 Partnership 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 Partnership 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 Partnership is not complying with its obligations under this **Section 10.03**, shall, upon the delivery of written notice to the Partnership, 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 Partnership to halt the Project, (2) withhold any further payment of any City Funds to the Partnership or the General Contractor, and/or (3) seek any other remedies against the Partnership available at law or in equity.

## SECTION 11. ENVIRONMENTAL MATTERS

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

The Project shall include permeable pavers and one rain barrel, and the Building shall meet the City's "Energy Star" rating requirements.

## SECTION 12. INSURANCE

The Partnership must provide and maintain, at Partnership'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.

(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, Partnership 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, Partnership 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 Partnership undertakes any construction, including improvements, betterments, and/or repairs, the Partnership 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 Partnership must cause the remediation contractor to provide Contractor Pollution Liability Insurance 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:

(i) 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 Partnership 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 Partnership 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 Partnership is not a waiver by the City of any requirements for the Partnership to obtain and maintain the specified coverages. The Partnership shall advise all insurers of the Agreement provisions regarding insurance. Non-conforming insurance does not relieve Partnership of the obligation to provide insurance as specified herein. Nonfulfillment of the insurance conditions may constitute a violation of the Agreement, and the City retains the right to stop work and/or terminate agreement until proper evidence of insurance is provided.

The insurance must provide for 60 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 Partnership and Contractors.

The Partnership 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 Partnership in no way limit the Partnership'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 Partnership 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 Partnership 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 Partnership must require Contractor and subcontractors to provide the insurance required herein, or Partnership may provide the coverages for Contractor and subcontractors. All Contractors and subcontractors are subject to the same insurance requirements of Partnership unless otherwise specified in this Agreement.

If Partnership, 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.

### SECTION 13. INDEMNIFICATION

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

(i) the Developer's failure to comply with any of the terms, covenants and conditions contained within this Agreement; or

(ii) the Developer's or any contractor's failure to pay General Contractors, subcontractors or materialmen in connection with the TIF-Funded Improvements or any other Project improvement; or

(iii) the existence of any material misrepresentation or omission in this Agreement or any other document related to this Agreement that is the result of information supplied or omitted by the Developer or any Affiliate Developer or any agents, employees, contractors or persons acting under the control or at the request of the Developer or any Affiliate of Developer; or

(iv) the Developer's failure to cure any misrepresentation in this Agreement or any other agreement relating hereto;

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



## SECTION 14. MAINTAINING RECORDS/RIGHT TO INSPECT

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

**14.02 Inspection Rights.** Upon three (3) business days' notice, any authorized representative of the City has access to all portions of the Project and the Property during normal business hours for the Term of the Agreement.

## SECTION 15. DEFAULT AND REMEDIES

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

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

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

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

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

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

(f) the appointment of a receiver or trustee for the Developer, for any substantial part of the Developer's assets or the institution of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of the Developer; provided, however, that if such appointment or commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such appointment is not revoked or such proceedings are not dismissed within ninety (90) days after the commencement thereof;

(g) the entry of any judgment or order against the Developer in an amount that exceeds \$1 million that remains unsatisfied or undischarged and in effect for ninety (90) days after such entry without a stay of enforcement or execution and that materially impairs the Developer's ability to perform under this Agreement;

(h) the occurrence of an event of default under the Lender Financing, which default (i) is not cured within any applicable cure period, (ii) has not been waived in writing by the applicable lender and (iii) has caused the applicable lender to initiate foreclosure proceedings;

(i) the dissolution of the Developer;

(j) the institution in any court of a criminal proceeding (other than a misdemeanor) against the Developer or any natural person who has more than a thirty-three percent (33%) ownership interest in the Developer, which is not dismissed within thirty (30) days, or the indictment of the Developer or any natural person who has more than a 33% ownership interest in the Developer, for any crime (other than a misdemeanor).

For purposes of Section 15.01(i) hereof, a natural person with a material interest in the Developer is one owning in excess of thirty-three percent (33%) of such party's (or such party's ultimate parent entity's) issued and outstanding ownership shares or interest. Notwithstanding anything to the contrary contained herein, City hereby agrees that, in addition to the cure rights set out in Section 15.04 below, any cure of any default made or tendered by the Limited Partner or its lenders shall be deemed to be a cure by the Developer and shall be accepted or rejected on the same basis as if made or tendered by Developer.

**15.02 Remedies.** Subject to the rights of the Limited Partner under **Section 15.04**, upon the occurrence of an Event of Default, the City may terminate this Agreement and any other agreements to which the City and the Developer are or shall be parties, suspend disbursement of City Funds, place a lien on the Property in the amount of City Funds paid, and/or seek reimbursement of any City Funds paid. 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 damages, injunctive relief or the specific performance of the agreements contained herein. Upon the occurrence of an Event of Default under **Section 8.06**, the Developer shall be obligated to repay to the City all previously disbursed City Funds.

### **15.03 Curative Period.**

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

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

**15.04 Right to Cure by the Limited Partner and/or Construction Lender.** If a default occurs under this Agreement and as a result thereof, the City intends to exercise any right or remedy available to it that could result in termination of this Agreement and all related agreements, or the suspension, cancellation, reduction or reimbursement of City Funds disbursed hereunder, or any other remedy under this Agreement, the City shall prior to exercising such right or remedy, send notice of such intended exercise to the Limited Partner and Construction Lender, and the Limited Partner (including, without limitation, by exercise of management take over rights of the Owner under its partnership agreement) and Construction Lender shall have the right (but not the obligation) to cure such default as follows:

(a) if a monetary default exists, the Limited Partner may cause to be cured such monetary default within 90 days after the later of (and Construction Lender, except as provided in Section 15.04(h) below, and the City shall take no action during such 90 day period): (i) the expiration of the cure period, if any, granted under Section 15.03 to Developer with respect to such monetary default; or (ii) receipt by the Limited Partner and Construction Lender of notice of default from the City. If the Limited Partner does not cause such monetary default to be cured within such 90-day time period set forth in the preceding sentence, then Construction Lender may cure such monetary default in the manner set forth in Section 15.04(c); and

(b) if a non-monetary default exists (except for a Personal Developer Default, as later defined), the Limited Partner may cause to be cured such non-monetary default within 90 days after the later of (and Construction Lender, except as provided in Section 15.04(h) below, and the City shall take no action during such 90 day period): (i) the expiration of the cure period, if any, granted under Section 15.03 to Developer with respect to such non-monetary default; or (ii) receipt by the Limited Partner and Construction Lender of notice of default from the City. If the Limited Partner does not cause such non-monetary default to be cured within such 90-day time period set forth in the preceding sentence, then Construction Lender may cure such monetary default in the manner set forth in Section 15.04(d); and

(c) if a monetary default exists, Construction Lender may cure such monetary default within 60 days after the later of (and the non-electing party and the City shall take no action during such 60-day period): (i) the expiration of the Limited Partner's 90-day cure period; or (ii) receipt by Construction Lender of notice from the City that the Limited Partner has failed to cure the default within the timeframe set forth in Section 15.04(a) above; and

(d) if a non-monetary default exists (except for a Personal Developer Default), Construction Lender may cure such non-monetary default within 90 days after the later of (and the non-electing party and the City shall take no action during such 90-day period): (i) the expiration of the Limited Partner's 90-day cure period; or (ii) receipt by Construction Lender of notice from the City that the Limited Partner has failed to cure the default within the timeframe set forth in Section 15.04(b) above; provided, however, if such non-monetary default is of a nature that is not subject to

cure in 90 days, the cure period will be extended for the time period needed to cure such default (including any time period required by Construction Lender to take control of the Project by initiating foreclosure of its mortgage and/or appointing a receiver) and the City shall forbear from exercising its remedies hereunder so long as diligent and continuous efforts are being pursued to cure such default; and

(e)(1) If such non-monetary default would be an Event of Default set forth in Section 15.01(e), (f), (g), (i) or (j) hereof (each such default being a "Personal Developer Default"), the Limited Partner or Construction Lender (as applicable and in that strict order as more fully provided in this Section 15.04(e) below and not otherwise, the "Electing Party"), may provide written notice (the "Assumption Notice") to the City and the Limited Partner or Construction Lender (as applicable, the "Non-Electing Parties") within 30 days of receipt of notice from the City of such Personal Developer Default, as more fully provided in Section 15.04(e)(2) below. If notice is delivered within said 30-day period, the Electing Party shall, in accordance with Section 15.04(e)(2) below, either cure or cause to be cured such Personal Developer Default by the assignment pursuant to Section 18.15 hereof of all of the Developer's rights, obligations and interests in this Agreement to the Electing Party or any other party agreed to in writing by Construction Lender and the City, which assumption shall be deemed to cure the Personal Developer Default.

(2) Upon receipt by the City and Construction Lender of an Assumption Notice from the Limited Partner pursuant to subsection (e)(1) above, the cure period shall be extended for such reasonable period of time as may be necessary to complete such assignment and assumption of the Developer's rights, obligations and interests in this Agreement (but in no event longer than 90 days without the written consent of the City and Construction Lender). If the Limited Partner does not (i) provide such Assumption Notice within the 30-day period specified in subsection (e)(1), or (ii) identify to the City and the Non-Electing Parties any other party (which may be an affiliate of the Limited Partner other than any of the Developer) to assume the Developer's rights, obligations and interests in this Agreement within 30 days from the date of the Assumption Notice, then Construction Lender shall have 30 days to cure such Personal Developer Default by the assignment, in accordance with the provisions of Section 18.14 hereof, of all of the Developer's rights, obligations and interests in this Agreement to Construction Lender, or an affiliate thereof, or any other party agreed to in writing by Construction Lender and the City.

(f) If such Personal Developer Default is not cured by the Limited Partner or Construction Lender within the timeframes set forth in Section 15.04(e), then the City shall have available all remedies set forth in this Agreement, including those in Sections 15.02.

(g) During all such times as a Personal Developer Default exists and remains uncured after the expiration of all cure periods, no payments of City Funds shall occur until such time as such Personal Developer Default is thereafter cured.

(h) The City agrees that at any time during which an Event of Default has occurred under the Lender Financing Documents, during the period that Construction Lender is diligently and continuously pursuing actions or remedies under the Lender Financing, with or without the Developer, which are intended to cause substantial completion of the Project, and, as part of such actions or remedies, continues to fund or make advances to pay Project costs, the City shall likewise forbear from exercising its remedies under Section 15.02 and shall continue to fund the City funds in accordance with this Agreement.

Notwithstanding anything to the contrary contained in this Agreement, including, without limitation, the continuation of any cure periods under Section 15.03 and Section 15.04, in the event

Construction Lender initiates a foreclosure proceeding and has not agreed to an assignment of Developer's obligations under this Agreement and is continuing to perform Developer's obligations hereunder, or the Limited Partner and Construction Lender provide a joint notice of discontinuance of actions or remedies intending to achieve substantial completion, the City may immediately commence to exercise any and all of the remedies specified in Section 15.02 above.

## SECTION 16. MORTGAGING OF THE PROJECT

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

(a) In the event that a mortgagee or any other party shall succeed to the Partnership's interest in the Property or any portion thereof pursuant to the exercise of remedies under a New Mortgage (other than a Permitted Mortgage), whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Partnership's interest hereunder in accordance with Section 18.15 hereof, the City may, but shall not be obligated to, attorn to and recognize such party as the successor in interest to the Partnership for all purposes under this Agreement and, unless so recognized by the City as the successor in interest, such party shall be entitled to no rights or benefits under this Agreement, but such party shall be bound by those provisions of this Agreement that are covenants expressly running with the land.

(b) In the event that any mortgagee shall succeed to the Partnership's interest in the Property or any portion thereof pursuant to the exercise of remedies under an Existing Mortgage or a Permitted Mortgage, whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Partnership's interest hereunder in accordance with Section 18.15 hereof, the City hereby agrees to attorn to and recognize such party as the successor in interest to the Partnership for all purposes under this Agreement so long as such party accepts all of the obligations and liabilities of the Partnership hereunder. Notwithstanding any other provision of this Agreement to the contrary, it is understood and agreed that if such party accepts an assignment of the Partnership's interest under this Agreement, such party has no liability under this Agreement for any Event of Default of the Partnership which accrued prior to the time such party succeeded to the interest of the Partnership under this Agreement, in which case the Partnership shall be solely responsible. If the City placed a lien on the Project pursuant to Section 15.02 hereof in connection with an Event of Default of Developer which accrued prior to the time such party succeeded to the interest of the Developer under this Agreement, the City shall release such lien upon written request to do so by such succeeding mortgagee. However, if such mortgagee under a Permitted Mortgage or an Existing Mortgage does not expressly accept an assignment of the Partnership's interest hereunder, such party shall be entitled to no rights and benefits under this Agreement, and such party shall be bound only by those provisions of this Agreement, if any, which are covenants expressly running with the land.

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

#### SECTION 17. NOTICE

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

If to the City:	City of Chicago Department of Planning and Development 121 North LaSalle Street, Room 1000 Chicago, IL 60602 Fax No. (312) 744-0759 Attention: Commissioner
With Copies To:	City of Chicago Department of Law Finance and Economic Development Division 121 North LaSalle Street, Room 600 Chicago, IL 60602 Fax No. (312) 744-8538
If to the Partnership:	Historic Strand, LP 1020 West Monroe Avenue Chicago, IL 60613
If to HHCD:	Holsten Human Capital Development, NFP 1034 W. Montrose Avenue Chicago, Illinois 60613
If to Holsten:	Holsten Real Estate Development Corporation 1020 W. Montrose Avenue Chicago, IL 60613
With Copies To:	Nicole Jackson, Esquire Applegate & Thorne-Thomsen, P.C. 626 West Jackson Boulevard Suite 400 Chicago, IL 60661 Fax No. (312) 491-4411
If to Construction Lender:	Citibank, N.A. 390 Greenwich Street, 2nd Floor New York, New York 10013 Attention: Account Specialist Deal ID #22975 Facsimile: (212) 723-8209

AND

325 East Hillcrest Drive, Suite 160  
Thousand Oaks, California 91360  
Attention: Operations Manager/Asset Manager  
Deal ID #22975  
Facsimile: (805) 557 0924

AND

Citibank, N.A.  
One Sansome Street, 27th Floor  
San Francisco, California 94104  
Attention: Account Specialist  
Deal ID #22975  
Facsimile: (415) 445-9965

AND

Citibank, N.A.  
787 W. Fifth Street, 29th Floor  
Los Angeles, California 90071  
Attention: Account Specialist  
Deal ID #22975  
Facsimile: (213) 624-3380

If to Limited Partner: Alliant Asset Management Company  
21600 Oxnard Street  
Suite 1200  
Woodland Hills, CA 91367

With Copies To: Kutak Rock LLP  
1650 Farnham Street  
Omaha, NE 68102  
Attention: Shane Deaver

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

## SECTION 18. MISCELLANEOUS

**18.01 Amendment.** 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 materially amended without the written consent of all parties and the Limited Partner. In addition to consents and discretion expressly identified herein, the Commissioner, in her 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, or to reflect any new subdivision of property index numbers, provided that such correction does not have a material effect on any portion of the Project; and (b) the unit locations and types; (c) Exhibits F-1 and F-2 in connection with updated budgets and/or the approval of Change Orders resulting in changes in the Project Budget in accordance with Section 3.05; and (d) Exhibit E to correct inadvertent omissions or permit other minor title encumbrances not in the nature of a lien. Amendments required in clauses (b) and (c) shall also require the Partnership's and Limited Partner's consent. The City in 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 Entire Agreement.** This Agreement (including each Exhibit attached hereto, which is hereby incorporated herein by reference) constitutes the entire Agreement between the parties hereto and it supersedes all prior agreements, negotiations and discussions between the parties relative to the subject matter hereof.

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

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

**18.05 Waiver.** Waiver by the City or the Developer with respect to any breach of this Agreement shall not be considered or treated as a waiver of the rights of the respective party with respect to any other default or with respect to any particular default, except to the extent specifically waived by the City or the Developer in writing. No delay or omission on the part of a party in exercising any right shall operate as a waiver of such right or any other right unless pursuant to the specific terms hereof. A waiver by a party of a provision of this Agreement shall not prejudice or constitute a waiver of such party's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by a party, nor any course of dealing between the parties hereto, shall constitute a waiver of any 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 shall not be construed as a waiver of any other remedies of such party unless specifically so provided herein.

**18.07 Disclaimer.** Nothing contained in this Agreement nor any act of the City shall be deemed or construed by any of the parties, or by any third person, to create or imply any relationship of third-party beneficiary, principal or agent, limited or general partnership or joint venture, or to create or imply any association or relationship involving the City.

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



**18.09 Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

**18.10 Severability.** If any provision in this Agreement, or any paragraph, sentence, clause, phrase, word or the application thereof, in any circumstance, is held invalid, this Agreement shall be construed as if such invalid part were never included herein and the remainder of this Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

**18.11 Conflict.** In the event of a conflict between any provisions of this Agreement and the provisions of the TIF Ordinances and/or the Bond Ordinance, if any, such ordinance(s) shall prevail and control.

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

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

**18.14 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.

**18.15 Assignment.** Prior to the issuance of the Certificate, the Partnership may not sell, assign or otherwise transfer its interest in this Agreement in whole or in part without the written consent of the City, except for the collateral assignment of this Agreement to the Construction Lender by the Partnership. Any successor in interest to the Partnership under this Agreement shall certify in writing to the City its agreement to abide by all remaining executory terms of this Agreement, including but not limited to **Sections 8.19** (Real Estate Provisions) and **8.22** (Survival of Covenants) hereof, for the Term of the Agreement. The Partnership consents to the City's sale, transfer, assignment or other disposal of this Agreement at any time in whole or in part.

**18.16 Binding Effect.** This Agreement shall be binding upon the Developer, the City and their respective successors and permitted assigns (as provided herein) and shall inure to the benefit of the Developer, the City and their respective successors and permitted assigns (as provided herein). Except as otherwise provided herein, this Agreement shall not run to the benefit of, or be enforceable by, any person or entity other than a party to this Agreement and its successors and permitted assigns. This Agreement should not be deemed to confer upon third parties any remedy, claim, right of reimbursement or other right.

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

obligations hereunder. The individual or entity relying on this section with respect to any such delay shall, upon the occurrence of the event causing such delay, immediately give written notice to the other parties to this Agreement. The individual or entity relying on this section with respect to any such delay may rely on this section only to the extent of the actual number of days of delay effected by any such events described above.

**18.18 Exhibits.** All of the exhibits attached hereto are incorporated herein by reference.

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

**18.20 Venue and Consent to Jurisdiction.** If there is a lawsuit under this Agreement, each party may hereto agree 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.

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

**18.22 Business Relationships That Create Financial Interests.** The Developer acknowledges (A) receipt of a copy of Section 2-156-030 (b) of the Municipal Code, (B) that Developer has read such provision and understands that pursuant to such Section 2-156-030 (b), 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 City official or employee has a business relationship that creates a Financial Interest, or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving any person with whom the elected City official or employee has a business relationship that creates a Financial Interest, or to participate in any discussion in 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 that creates a Financial Interest, and (C) that a violation of Section 2-156-030 (b) by an elected official, or any person acting at the direction of such official, with respect to any transaction contemplated by this Agreement shall be grounds for termination of this Agreement and the transactions contemplated hereby. The Developer hereby represents and warrants that, to the best of its knowledge after due inquiry, no violation of Section 2-156-030 (b) has occurred with respect to this Agreement or the transactions contemplated hereby.

**18.23 2011 City Hiring Plan Prohibitions.**

(a) The City is subject to the June 24, 2011 "City of Chicago Hiring Plan" (the "2011 City Hiring Plan") entered in *Shakman v. Democratic Organization of Cook County*, Case No 69 C 2145 (United States District Court for the Northern District of Illinois). Among other things, the 2011 City Hiring Plan prohibits the City from hiring persons as governmental employees in non-exempt positions on the basis of political reasons or factors.

(b) The Developer is aware that City policy prohibits City employees from directing any individual to apply for a position with the Developer, either as an employee or as a subcontractor, and from directing the Developer to hire an individual as an employee or as a subcontractor. Accordingly, the Developer must follow its own hiring and contracting procedures, without being influenced by City employees. Any and all personnel provided by the Developer under this Agreement are employees or subcontractors of the Developer, not employees of the City of Chicago. This Agreement is not intended to and does not constitute, create, give rise to, or otherwise recognize an employer-employee relationship of any kind between the City and any personnel provided by the Developer.

(c) The Developer will not condition, base, or knowingly prejudice or affect any term or aspect to the employment of any personnel provided under this Agreement, or offer employment to any individual to provide services under this Agreement, based upon or because of any political reason or factor, including, without limitation, any individual's political affiliation, membership in a political organization or party, political support or activity, political financial contributions, promises of such political support, activity or financial contributions, or such individual's political sponsorship or recommendation. For purposes of this Agreement, a political organization or party is an identifiable group or entity that has as its primary purpose the support of or opposition to candidates for elected public office. Individual political activities are the activities of individual persons in support of or in opposition to political organizations or parties or candidates for elected public office.

(d) In the event of any communication to the Developer by a City employee or City official in violation of Section 12.7(ii) above, or advocating a violation of Section 12.7(iii) above, the Developer will, as soon as is reasonably practicable, report such communication to the Hiring Oversight Section of the City's Office of the Inspector General ("IGO Hiring Oversight"), and also to the head of the relevant City Department utilizing services provided under this Agreement. The Developer will also cooperate with any inquiries by IGO Hiring Oversight related to the Agreement.

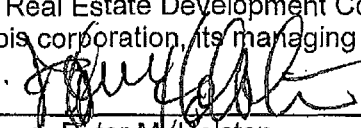
~~the head of the relevant City Department utilizing services provided under this Agreement. The Developer will also cooperate with any inquiries by IGO Filing Oversight related to the Agreement.~~

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

**HISTORIC STRAND, LP**

By: Historic Strand, LLC, its general partner

By: Holsten Real Estate Development Corporation,  
an Illinois corporation, its managing member

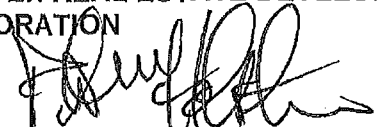
By:   
Name: Peter M. Holsten  
Title: President

By: HHCD Strand LLC, an Illinois limited liability  
company, a member

By: Holsten Human Capital Development, NFP,  
an Illinois not-for-profit corporation, its sole  
member

By:   
Name: Jackie Taylor Holsten  
Title: Board Chair

**HOLSTEN REAL ESTATE DEVELOPMENT  
CORPORATION**

By:   
Name: Peter M. Holsten  
Title: President

**HOLSTEN HUMAN CAPITAL DEVELOPMENT, NFP**

By:   
Name: Jackie Taylor Holsten  
Title: Board Chair

**CITY OF CHICAGO**

By: \_\_\_\_\_  
Andrew J. Mooney, Commissioner,  
Department of Planning and Development

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

**HISTORIC STRAND, LP**

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By: Holsten Real Estate Development Corporation,  
an Illinois corporation, its managing member

By: \_\_\_\_\_  
Name: Peter M. Holsten  
Title: President

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an Illinois not-for-profit corporation, a  
member

By: \_\_\_\_\_  
Name: Jackie Taylor Holsten  
Title: Board Chair

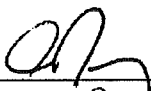
**HOLSTEN REAL ESTATE DEVELOPMENT  
CORPORATION**

By: \_\_\_\_\_  
Name: Peter M. Holsten  
Title: President

**HOLSTEN HUMAN CAPITAL DEVELOPMENT, NFP**

By: \_\_\_\_\_  
Name: Jackie Taylor Holsten  
Title: Board Chair

**CITY OF CHICAGO**

By:  \_\_\_\_\_  
Andrew J. Mooney, Commissioner,  
Department of Planning and Development

STATE OF ILLINOIS )  
                                  ) SS  
COUNTY OF COOK )

I, Kristine J. Kijowski, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Peter M. Holsten, personally known to me to be the president of Holsten Real Estate Development Corporation, an Illinois corporation ("HREDC"), a member of Historic Strand, LLC, an Illinois limited liability company (the "General Partner"), the general partner of Historic Strand, LP, an Illinois limited partnership ("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 he signed, sealed, and delivered said instrument, pursuant to the authority given to him by the shareholders of HREDC, on behalf of the General Partner of Developer, as his free and voluntary act and as the free and voluntary act of Developer, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 30th day of September, 2014.

Kristine J. Kijowski  
Notary Public

My Commission Expires \_\_\_\_\_



(SEAL)

I, Kristine J. Kijowski, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Jackie Taylor Holsten, personally known to me to be the board chair of Holsten Human Capital Development NFP, an Illinois not-for-profit corporation ("HHCD"), the sole member of HHCD Strand LLC, an Illinois limited liability company ("HHCD Strand"), a member of Historic Strand, LLC, an Illinois limited liability company (the "General Partner"), the general partner of Historic Strand, LP, an Illinois limited partnership ("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 she signed, sealed, and delivered said instrument, pursuant to the authority given to her by the board of HHCD, on behalf of the General Partner of Developer, as her free and voluntary act and as the free and voluntary act of Developer, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 30th day of September, 2014.

Kristine J. Kijowski  
Notary Public

My Commission Expires \_\_\_\_\_



(SEAL)

STATE OF ILLINOIS )  
                                  ) SS  
COUNTY OF COOK )

I, Kristine J. Kijowski, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Peter M. Holsten, personally known to me to be the president of Holsten Real Estate Development Corporation, an Illinois corporation, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed, and delivered said instrument, pursuant to the authority given to him by the shareholders of Holsten Real Estate Development Corporation, as his free and voluntary act and as the free and voluntary act of Holsten Real Estate Development Corporation, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 30<sup>th</sup> day of September, 2014.

Kristine J. Kijowski  
Notary Public

My Commission Expires \_\_\_\_\_



(SEAL)

STATE OF ILLINOIS )  
                                  ) SS  
COUNTY OF COOK )

I, Kristine J. Kijowski, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Jackie Taylor Holsten, personally known to me to be the board chair of Holsten Human Capital Development NFP, an Illinois not-for-profit corporation ("HHCD"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that she signed, sealed, and delivered said instrument, pursuant to the authority given to her by the board of HHCD, as her free and voluntary act and as the free and voluntary act of HHCD, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 30<sup>th</sup> day of September, 2014.

Kristine J. Kijowski  
Notary Public

My Commission Expires \_\_\_\_\_



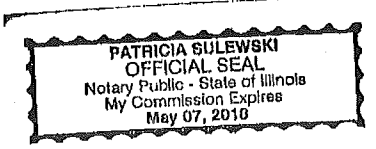
(SEAL)

STATE OF ILLINOIS )  
  ) SS  
COUNTY OF COOK )

I, Patricia Sulewski, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Andrew J. Mooney, personally known to me to be the Commissioner of the Department of Planning and Development of the City of Chicago (the ACity@), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed, and delivered said instrument pursuant to the authority given to him by the City, as his free and voluntary act and as the free and voluntary act of the City, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 1st day of October, 2014.

Patricia Sulewski  
Notary Public

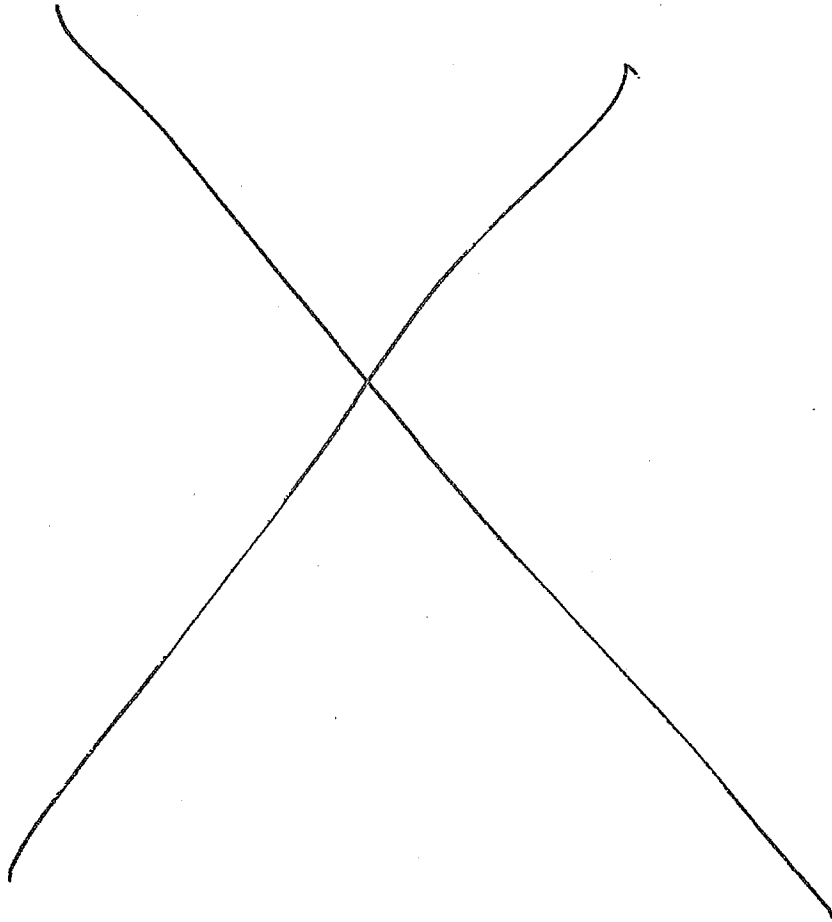


My Commission Expires \_\_\_\_\_



EXHIBIT A  
REDEVELOPMENT AREA

(See Attached)



**EXHIBIT B**

**PROPERTY**

Legal Description

[subject to survey and final title commitment]

Lots 11 to 15, inclusive and Lots 43 to 46, inclusive, in Block 2 in Snow & Dickinson's Subdivision of Blocks 1, 2, & 3 in William Hale Thompson's Addition to Chicago, in the Northwest  $\frac{1}{4}$  of Section 23, Township 38 North, Range 14 East of the third principal meridian, in Cook County, Illinois. (Containing 28,100 square feet or 0.6451 acres)

Common addresses and PINs:

6315 South Cottage Grove Avenue  
20-23-100-004-0000

6314 South Maryland Avenue  
20-23-100-007-0000

**EXHIBIT C**

**TIF-FUNDED IMPROVEMENTS**

<b>Eligible Cost</b>	<b>Amount</b>	<b>TIF- Eligible</b>	<b>Percentage TIF-Eligible</b>
Construction Residential	\$ 14,438,333	\$ 4,515,409	50% of Eligible Costs for Affordable Units
Contingency: Hard Costs	\$ 1,266,521	\$ 532,743	50% of Eligible Costs for Affordable Units
Architecture	\$ 758,226	\$ 318,936	50% of Eligible Costs for Affordable Units
Engineering / Environmental	\$ 1,293,919	\$ 550,268	50% of Eligible Costs for Affordable Units
TIF Consultant	\$ 59,533	\$ 25,042	50% of Eligible Costs for Affordable Units
Legal - Zoning	\$ 47,000	\$ 19,770	50% of Eligible Costs for Affordable Units
<b>TOTAL**</b>	<b>\$ 17,863,532</b>	<b>\$ 5,962,168</b>	

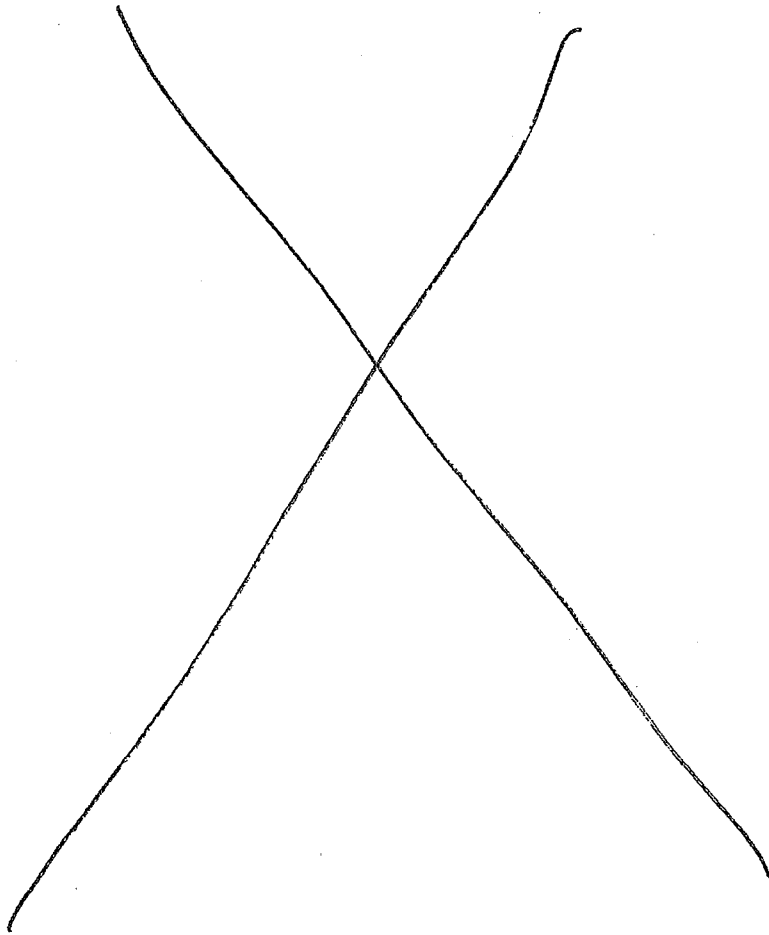
The Commissioner shall have authority to consent to adjustments between the line items set forth above and to consent to additional TIF-Funded Improvement redevelopment project costs within other categories authorized under the Act.

\*\*Note: Notwithstanding the total dollar amount of TIF-Funded Improvements listed above, the financial assistance to be provided by the City under this Agreement is limited to a maximum of \$2,000,000, subject to adjustment as provided in **Section 4.03**.

EXHIBIT D

CONSTRUCTION CONTRACT

(To be Attached at Closing)



## EXHIBIT E

### PERMITTED LIENS

1. Liens or encumbrances against the Property:

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

2. Liens or encumbrances against the Developer or the Project, other than liens against the Property, if any: None

EXHIBIT F-1

PROJECT BUDGET

Land Acquisition		\$1
Hard Construction Costs (68.2% of TPC)		\$15,704,854
<b>Soft Costs</b>		
Architect's Fee (4.62% of hard costs)	\$	733,226
Loan Origination Fee (1.29% of loan)	\$	162,417
Legal Fees (2.09% of total costs)	\$	472,000
Marketing (0.78% of total costs)	\$	179,140
Loan Interest (3.71% of total costs)	\$	850,000
Environmental (6.46% of total costs)	\$	1,556,379
Reserves (5.67% of total costs)	\$	1,300,000
Developer Fee (4.36% of total costs)	\$	1,000,000
Other Soft Costs (3.70% of total costs)	\$	891,511
<b>Total Soft Costs (30.7% of total costs)</b>	\$	<u>7,144,673</u>
<b>Total</b>		<b>\$22,849,528</b>

EXHIBIT F-2

MBE/WBE BUDGET

Hard Cost Construction	\$	12,862,538
Related Soft		
Costs	\$	2,055,713
<b>Total</b>	<b>\$</b>	<b>14,918,251**</b>

24% MBE = \$ 3,580,380

4% WBE = \$ 596,730

\*\* This amount does not include the construction contingency.

To the extent that this contingency is expended, it will be subject to MBE/WBE requirements.

**EXHIBIT G**

**APPROVED PRIOR EXPENDITURES**

None



**ATTACHMENTS E**

Agreements entered into concerning the disposition or redevelopment of property within the Project Area during the preceding fiscal year are listed below.

<b>Parties to Agreement with City</b>	<b>Project Description</b>	<b>Address</b>
NA	Construction of Mixed Use Property	6200-16 S. Kenwood Ave.
NA	Construction of Mixed Use Property	6424 S. Woodlawn Ave.
NA	Construction of Mixed Use Property	6130-32 S. Kenwood Ave.

CITY OF CHICAGO, ILLINOIS  
WOODLAWN  
REDEVELOPMENT PROJECT

FINANCIAL REPORT

DECEMBER 31, 2014

CITY OF CHICAGO, ILLINOIS  
WOODLAWN REDEVELOPMENT PROJECT

C O N T E N T S

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION	1-2
Management's discussion and analysis	3-5
Statement of net position and governmental fund balance sheet	6
Statement of activities and governmental fund revenues, expenditures and changes in fund balance	7
Notes to financial statements	8-10
SUPPLEMENTARY INFORMATION	
Schedule of expenditures by statutory code	11

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Woodlawn Redevelopment Project of the City of Chicago, Illinois, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Project's basic financial statements as listed in the table of contents.

The financial statements present only Woodlawn Redevelopment Project and do not purport to, and do not present fairly the financial position of the City of Chicago, Illinois, as of December 31, 2014, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Woodlawn Redevelopment Project of the City of Chicago, Illinois, as of December 31, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The Schedule of Expenditures by Statutory Code is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Bansley and Kiener, L.L.P.*

Certified Public Accountants

June 30, 2015

CITY OF CHICAGO, ILLINOIS  
WOODLAWN REDEVELOPMENT PROJECT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)

As management of the Woodlawn Tax Increment Redevelopment Project Area (Project), we offer the readers of the Project's financial statements this narrative overview and analysis of the Project's financial performance for the year ended December 31, 2014. Please read it in conjunction with the Project's financial statements, which follow this section.

*Overview of the Financial Statements*

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

*Basic Financial Statements*

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

*Government-Wide Financial Statements*

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

*Governmental Fund Financial Statements*

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

CITY OF CHICAGO, ILLINOIS  
WOODLAWN REDEVELOPMENT PROJECT

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

*Notes to the Financial Statements*

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

*Other Supplementary Information*

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

*Condensed Comparative Financial Statements*

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

*Analysis of Overall Financial Position and Results of Operations*

Property tax revenue for the Project was \$2,206,390 for the year. This was an increase of 13 percent over the prior year. The change in net position (including other financing uses) produced an increase in net position of \$229,620. The Project's net position increased by 2 percent from the prior year making available \$12,992,453 of funding to be provided for purposes of future redevelopment in the Project's designated area. Expenses decreased this year due to the Project's formulation of a redevelopment plan or necessary funding was not substantially complete or available.

CITY OF CHICAGO, ILLINOIS  
WOODLAWN REDEVELOPMENT PROJECT

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

Government-Wide

	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
Total assets	\$ 13,144,002	\$ 14,146,765	\$ (1,002,763)	-7%
Total liabilities	<u>151,549</u>	<u>1,383,932</u>	<u>(1,232,383)</u>	-89%
Total net position	<u>\$ 12,992,453</u>	<u>\$ 12,762,833</u>	<u>\$ 229,620</u>	2%
Total revenues	\$ 2,241,280	\$ 1,985,391	\$ 255,889	13%
Total expenses	<u>475,679</u>	<u>1,630,122</u>	<u>(1,154,443)</u>	-71%
Other financing uses	<u>1,535,981</u>	<u>2,535,276</u>	<u>(999,295)</u>	-39%
Changes in net position	<u>229,620</u>	<u>(2,180,007)</u>	<u>2,409,627</u>	111%
Ending net position	<u>\$ 12,992,453</u>	<u>\$ 12,762,833</u>	<u>\$ 229,620</u>	2%



CITY OF CHICAGO, ILLINOIS  
WOODLAWN REDEVELOPMENT PROJECT

STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUND BALANCE SHEET  
DECEMBER 31, 2014

<u>ASSETS</u>	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Cash and investments	\$ 10,970,576	\$ -	\$ 10,970,576
Property taxes receivable	2,148,000	-	2,148,000
Accrued interest receivable	25,426	-	25,426
Total assets	<u>\$ 13,144,002</u>	<u>\$ -</u>	<u>\$ 13,144,002</u>
<u>LIABILITIES AND DEFERRED INFLOWS</u>			
Vouchers payable	\$ 22,106	\$ -	\$ 22,106
Due to other City funds	129,385	-	129,385
Other accrued liability	58	-	58
Total liabilities	<u>151,549</u>	<u>-</u>	<u>151,549</u>
Deferred inflows	<u>1,599,766</u>	<u>(1,599,766)</u>	<u>-</u>
<u>FUND BALANCE/NET POSITION</u>			
Fund balance:			
Restricted for future redevelopment project costs	<u>11,392,687</u>	<u>(11,392,687)</u>	<u>-</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 13,144,002</u>		
Net position:			
Restricted for future redevelopment project costs		<u>12,992,453</u>	<u>12,992,453</u>
Total net position		<u>\$ 12,992,453</u>	<u>\$ 12,992,453</u>

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

Total fund balance - governmental fund	\$ 11,392,687
Property tax revenue is recognized in the period for which levied rather than when "available". A portion of the deferred property tax revenue is not available.	<u>1,599,766</u>
Total net position - governmental activities	<u>\$ 12,992,453</u>

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

CITY OF CHICAGO, ILLINOIS  
WOODLAWN REDEVELOPMENT PROJECT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Property tax	\$ 2,617,189	\$ (410,799)	\$ 2,206,390
Interest	34,890	-	34,890
	<hr/>	<hr/>	<hr/>
Total revenues	2,652,079	(410,799)	2,241,280
Expenditures/expenses:			
Economic development projects	475,679	-	475,679
	<hr/>	<hr/>	<hr/>
Excess of revenues over expenditures	2,176,400	(410,799)	1,765,601
Other financing uses:			
Operating transfers out (Note 2)	(1,535,981)	-	(1,535,981)
	<hr/>	<hr/>	<hr/>
Excess of revenues over expenditures and other financing uses	640,419	(640,419)	-
Change in net position	-	229,620	229,620
Fund balance/net position:			
Beginning of year	10,752,268	2,010,565	12,762,833
	<hr/>	<hr/>	<hr/>
End of year	<u>\$ 11,392,687</u>	<u>\$ 1,599,766</u>	<u>\$ 12,992,453</u>

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

Net change in fund balance - governmental fund	\$ 640,419
Property tax revenue is recognized in the period for which levied rather than when "available". A portion of the deferred property tax revenue is not available.	<hr/> (410,799)
Change in net position - governmental activities	<hr/> <u>\$ 229,620</u>

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

CITY OF CHICAGO, ILLINOIS  
WOODLAWN REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

(a) *Reporting Entity*

In January 1999, the City of Chicago (City) established the Woodlawn Tax Increment Redevelopment Project Area (Project). The area has been established to finance improvements, leverage private investment and create and retain jobs. The Project is accounted for within the special revenue funds of the City.

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

The accompanying financial statements of the Project have been prepared in conformity with generally accepted accounting principles as prescribed by the Government Accounting Standards Board (GASB). Effective January 2013, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, standardized the presentation of deferred outflows and inflows of resources and their effect on the Project's net position. The financial impact resulting from the implementation of GASB Statement No. 63 is primarily the change in terminology from Net Assets to Net Position. In addition, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was implemented to establish accounting and financial reporting standards that reclassify as deferred inflows of resources, certain items that were previously reported as liabilities and recognizes, as inflows of resources, certain items that were previously reported as liabilities.

Previously, GASB Statement No. 34 (as amended) was implemented and included the following presentation:

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

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

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

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

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

CITY OF CHICAGO, ILLINOIS  
WOODLAWN REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS  
(Continued)

Note 1 – Summary of Significant Accounting Policies (Concluded)

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

(d) *Assets, Liabilities and Net Position*

*Cash and Investments*

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

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

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

*Deferred Inflows*

Deferred inflows represent deferred property tax revenue amounts to be recognized as revenue in future years in the governmental fund financial statements.

*Capital Assets*

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

(e) *Stewardship, Compliance and Accountability*

*Illinois Tax Increment Redevelopment Allocation Act Compliance*

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

*Reimbursements*

Reimbursements, if any, are made to the developer for project costs, as public improvements are completed and pass City inspection.

CITY OF CHICAGO, ILLINOIS  
WOODLAWN REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS  
(Concluded)

Note 2 – Operating Transfers Out

During 2014, in accordance with State statutes, the Project transferred \$1,285,981 to the contiguous 71st and Stony Island Redevelopment Project to fund debt service for Phase I of the Modern Schools Across Chicago Bonds, Series 2007. In addition, the Project transferred \$250,000 to the contiguous West Woodlawn Redevelopment Project to fund the West Woodlawn Small Business Improvement Fund Program.

Note 3 – Commitments

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

SUPPLEMENTARY INFORMATION

CITY OF CHICAGO, ILLINOIS  
WOODLAWN REDEVELOPMENT PROJECT

SCHEDULE OF EXPENDITURES BY STATUTORY CODE

Code Description

Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, marketing	\$ 61,976
Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings and fixtures	214,500
Costs of the construction of public works or improvements	<u>199,203</u>
	<u>\$475,679</u>

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Woodlawn Redevelopment Project of the City of Chicago, Illinois, which comprise the statement of net position and governmental fund balance sheet as of December 31, 2014, and the related statement of activities and governmental fund revenues, expenditures and changes in fund balance for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated June 30, 2015.

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

However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Project's noncompliance with the above referenced regulatory provisions, insofar as they relate to accounting matters.

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

*Bansley and Kiener, L.L.P.*

Certified Public Accountants

June 30, 2015



INTERGOVERNMENTAL AGREEMENTS  
FY 2014

A list of all intergovernmental agreements in effect in FY 2014 to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements.  
[65 ILCS 5/11-74.4-5 (d) (10)]

Name of Agreement	Description of Agreement	Amount Transferred Out	Amount Received
IGA - CPD - Harris Park	Improvements to park	1,000,425	