

AUTHORIZATION FOR EXECUTION OF REDEVELOPMENT
AGREEMENT WITH LUSTER PRODUCTS, INC. FOR
PROPERTY IN STOCKYARDS SOUTHEAST
QUADRANT TAX INCREMENT
FINANCING DISTRICT.

The Committee on Finance submitted the following report:

CHICAGO, December 18, 1992.

To the President and Members of the City Council:

Your Committee on Finance, having had under consideration an ordinance authorizing the execution of a redevelopment agreement with Luster Products, Inc. for property located in the Stockyards Southeast Quadrant Tax Increment Financing District, in an amount not to exceed \$5,000,000, having had the same under advisement, begs leave to report and recommend that Your Honorable Body *Pass* the proposed ordinance transmitted herewith.

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

Respectfully submitted,

(Signed) EDWARD M. BURKE,
Chairman.

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

Yeas -- Aldermen Mazola, Bloom, Steele, Beavers, Dixon, Shaw, Buchanan, Huels, Fary, Madrzyk, Burke, Jones, Coleman, Streeter, Murphy, Rugai, Troutman, Evans, Garcia, Laski, Miller, Medrano, Gutierrez, Hendon, E. Smith, Burrell, Suarez, Gabinski, Mell, Austin, Wojcik, Banks, Giles, Laurino, O'Connor, Doherty, Natarus, Eisendrath, Hansen, Levar, Shiller, Schulter, M. Smith, Moore, Stone -- 45.

Nays -- None.

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

The following is said ordinance as passed:

WHEREAS, Pursuant to Resolution 92-CDC-34, adopted by the Community Development Commission ("C.D.C.") of the City of Chicago on November 10, 1992, the Department of Planning and Development ("Department") advertised its intention to negotiate a Redevelopment Agreement with Luster Products, Inc. ("Luster") and to request alternative proposals for the redevelopment of the northeast corner of the Stockyards Southeast Quadrant Redevelopment Project Area, which site includes Tax Parcels: 20-05-200-071, 20-05-200-088, 20-05-200-047, 20-05-200-075, 20-05-200-067, 20-05-200-068, 20-05-200-046, 20-05-200-072, 20-05-200-073, 20-05-200-070, 20-05-200-045, 20-05-200-083, 20-05-200-019, 20-05-200-074, 20-05-200-004 (collectively, "the Property"); and

WHEREAS, Since no other proposals were received for the redevelopment of the Property at the conclusion of the advertising period, pursuant to Resolution 92-CDC-34, the C.D.C. has recommended Luster as the designated developer of the Property, and has requested the Commissioner of the Department ("Commissioner") to forward that recommendation to the City Council; and

WHEREAS, Luster has proposed to develop the Property as a new manufacturing, warehousing, and distribution facility of no less than 160,000 square feet to consolidate and modernize its operations within the City of Chicago which will employ approximately 300 people; and

WHEREAS, Luster has proposed to undertake the construction of the manufacturing, warehousing, and distribution facility; any related improvements or costs; and T.I.F. Funded Improvements, including land acquisition, infrastructure, landscaping, parking, and financing costs which are necessary to secure redevelopment of the Property pursuant to the terms and conditions of the Redevelopment Agreement with the City attached hereto; now, therefore,

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

SECTION 1. The Commissioner is authorized, with the approval of Corporation Counsel as to form and legality, to enter into a Redevelopment Agreement for the redevelopment of the Property consistent with the terms set forth in the Redevelopment Agreement which is attached hereto.

SECTION 2. The Commissioner on behalf of the City of Chicago is authorized to execute, and the City Clerk to attest, a redevelopment agreement in accordance with the terms of this ordinance.

SECTION 3. This ordinance shall take effect immediately upon its passage.

Redevelopment Agreement to this ordinance reads as follows:

*Southeast Quadrant Of The Stockyards Luster Products
Development Agreement.*

This Southeast Quadrant of the Stockyards Luster Products Development Agreement (the "Agreement") is made as of this ____ day of December, 1992, by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Planning and Development (the "D.P.D.") and Luster Products, Inc., an Illinois corporation (the "Developer").

Recitals:

A. 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 authority to promote the health, safety, and welfare of the City and its inhabitants, 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. The City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, Ill. Rev. Stat., Ch. 24, Para. 11-74.4-1, et seq., as supplemented and amended (1989), (the "Act") to finance the redevelopment of blighted areas.

C. To induce redevelopment pursuant to the Act, the City Council of the City of Chicago (the "City Council") adopted the following ordinances on February 26, 1992: (1) "An Ordinance of the City of Chicago, Illinois, Concerning the Approval of a Tax Increment Redevelopment Plan and Redevelopment Project for the Stockyards Southeast Quadrant Industrial Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois, Concerning the Designation of the Stockyards Southeast Quadrant Industrial Redevelopment Project Area"; and (3) "An Ordinance of the City of Chicago, Illinois, Concerning the Adoption of Tax Increment Allocation Financing for Stockyards Southeast Quadrant Industrial Redevelopment Project" (the foregoing ordinances are collectively referred to herein as the "T.I.F. Ordinances"). The redevelopment project area (the "Redevelopment Area") is legally described in Exhibit A attached hereto and incorporated herein by reference.

D. The Developer shall construct a manufacturing and distribution facility of no less than 160,000 square feet on the property located at 43rd

and Racine, Chicago, Illinois, legally described in Exhibit B attached hereto and incorporated herein by reference (the "Luster Products Property"). The Luster Products Property is located within the Redevelopment Area as designated by the T.I.F. Ordinances. Construction of the manufacturing and distribution facility, any related improvements or costs and T.I.F. Funded Improvements (as defined below) are sometimes collectively referred to herein as the "Project".

E. The Project will be constructed in accordance with this Agreement and the Tax Increment Redevelopment Plan and Redevelopment Project for the Stockyards Southeast Quadrant Industrial Redevelopment Project Area (the "Redevelopment Plan") attached hereto as Exhibit C and incorporated herein by reference.

F. The City plans to use a portion (the "City Funds") of its General Obligation Tender Bonds, Project Series B of 1992 (the "Bonds") issued pursuant to an ordinance adopted by the City Council of the City on July 7, 1992 (the "Bond Ordinance") to finance certain redevelopment project costs described as such in detail and listed by line item and cost in Exhibit D attached hereto and incorporated herein by reference (the "T.I.F. Funded Improvements").

G. The Developer will act as the City's agent and oversee construction of and acquisition of the T.I.F. Funded Improvements. The improvements are necessary to secure redevelopment of the Luster Products Property.

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

Section 1.

Recitals.

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

*Section 2.**Conditions Precedent.*

Unless otherwise stated herein, the following conditions shall be complied with to the City's satisfaction within five (5) business days prior to the date on which the City will be required to fund the first draw request pursuant to this Agreement and the Escrow Agreement which will be entered into pursuant to Section 9.02 hereof (the "First Disbursement Date"):

2.01 Acquisition And Title.

On the First Disbursement Date, the Developer shall acquire title to the Luster Products Property, and shall furnish the City with a title insurance policy (the "Title Policy") in the most recently revised A.L.T.A. or equivalent form of the title insurance policy, issued by Chicago Title and Trust Company (the "Title Company"). The Title Policy shall be dated on the First Disbursement Date and shall contain only those title exceptions which have been approved by the City's Office of the Corporation Counsel ("Corporation Counsel"). The Title Policy shall also contain such endorsements as shall be required by the Corporation Counsel including Comprehensive No. 1, zoning, flood plain status, contiguity, location and survey. The Developer shall also provide certified copies of all easements and encumbrances of record and documentation relating to the purchase of the Luster Products Property.

2.02 Survey.

The Developer shall furnish the City with five (5) current (dated within 45 days prior to the First Disbursement Date) plats of survey ("Surveys"), acceptable in form and content to the City and the Title Company and prepared by a surveyor registered in the State of Illinois. The Surveys shall be certified to the City and the Title Company, and shall also certify whether or not the Luster Products Property is in a flood hazard area as identified by the United States Department of Housing and Urban Development ("H.U.D.").

2.03 Insurance.

The Developer, at its own expense, shall insure the Luster Products Property in accordance with Section 14 herein. Certificates or binders evidencing the required coverages, along with paid receipts, shall be delivered to D.P.D..

2.04 Financing.

The Developer shall furnish proof reasonably satisfactory to the Corporation Counsel and D.P.D. that the Developer has sufficient funds on hand or irrevocably available to complete the Project and satisfy its obligations under this Agreement. The Developer shall identify the source of said funds and if the source is a loan, it shall furnish a loan commitment letter in the amount necessary that together with equity, if any, plus the City Funds will be sufficient to complete the Project. The Developer will enter into a loan agreement pursuant to a loan commitment furnished under this Section 2.04 within ___ days from execution of this Agreement.

2.05 Opinion Of Developer's Counsel.

The Developer, at its own expense, shall furnish the City with an opinion from the Developer's counsel, substantially similar in form and content to the opinion attached hereto as Exhibit E, with such changes as may be reasonably required by the Corporation Counsel.

The opinion shall be from an independent counsel having no direct or indirect financial ownership interest in the Developer or the Luster Products Property. The opinion shall be delivered to the Corporation Counsel on the First Disbursement Date.

2.06 Evidence Of Compliance With Laws.

The Developer shall furnish the City satisfactory evidence that the Luster Products Property and the Project are in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, executive orders and codes pertaining to or affecting the Project and the Luster Products Property.

2.07 Evidence Of Clean Title.

The Developer, at its own expense, shall provide the City with current financing statements, judgment searches and federal and state tax lien searches showing no security interests, judgments, federal or state tax liens on the Developer, the Luster Products Property or any personal property or fixtures thereon.

2.08 Preconditions Of Disbursement.

The Developer shall satisfy the preconditions of disbursement of the

City Funds as provided in the Bond Ordinance, any certifications or representations made by the City in connection with the issuance of the Bonds, the T.I.F. Ordinances, this Agreement and the Escrow Agreement, as defined in Section 9.02 hereof.

Section 3.

Covenants/Representations/Warranties.

Developer represents, warrants and covenants to the City as follows:

3.01 Compliance With Laws.

The Developer shall be governed by, adhere to, and obey all applicable federal, state and local laws, statutes, ordinances, rules, regulations, executive orders and codes applicable to the Project and the Luster Products Property.

3.02 General Covenants.

The Developer represents that: (a) the Developer is an Illinois corporation duly organized, validly existing, and if required, is qualified or licensed to do business in Illinois; (b) Developer has the right, power, and authority to enter into, execute, deliver and perform this Agreement; (c) the execution, delivery and performance by the Developer of this Agreement has been duly authorized by all necessary corporate action and will not violate its Articles of Incorporation or bylaws as amended and supplemented, any applicable provision of law, or constitute a breach of, default under, require any consent under, or result in the creation of any lien, charge, or encumbrance upon the Project, the Luster Products Property, or any property of Developer under any agreement, instrument or document to which Developer is now a party or by which Developer is now or may become bound; (d) the Developer shall acquire and shall maintain good, indefeasible, and merchantable title to the Luster Products Property free and clear of all liens (except as provided for herein), undisputed claims and encumbrances; (e) Developer is now and shall remain solvent and able to pay its debts as they mature; (f) there are no actions or proceedings by or before any court, governmental commission, board, bureau or any other administrative agency pending, threatened or affecting Developer which would impair its ability to perform under this Agreement; (g) Developer has and shall maintain all government permits, certificates and consents (including, without limitation, appropriate

environmental clearances and approvals) necessary to conduct its business and to construct and complete the Project; (h) Developer is not in default with respect to any indenture, loan agreement, mortgage, deed, note or any other agreement or instrument related to the borrowing of monies to which Developer is a party or by which Developer is bound; (i) the financial materials furnished to the City by or on behalf of the Developer (the "Financials") are complete, correct and accurately present the assets, liabilities, results of operations and total financial condition of the Developer. Moreover, there has been no adverse change in the assets, liabilities, results of operations or financial condition of Developer since the date of the Financials.

3.03 Redevelopment Plan.

The Developer represents that the Project is in compliance with the Redevelopment Plan.

3.04 T.I.F. Bonds.

The Developer will, at the request of the City, approve any reasonable amendments to this Agreement which are necessary or desirable in order for the City to issue its tax incremental financing bonds ("T.I.F. Bonds") the proceeds of which are intended to be used to reimburse the City for all amounts it has spent in accordance with this Agreement to pay for T.I.F. Funded Improvements. However, nothing herein contained shall be construed as requiring the Developer to approve any amendments which would have a material adverse effect on the Developer or the Project.

The Developer, at its own expense, will provide reasonable assistance in connection with marketing of the T.I.F. Bonds including but not limited to providing descriptions of the Project and making representations and providing information regarding its financial condition and assisting the City in preparing an Offering Statement.

3.05 Non-Governmental Charge.

The Developer agrees to pay or cause to be paid when due any Non-Governmental Charge (as defined below) assessed or imposed upon the Developer, the Luster Products Property, or Project, or which becomes due and payable, and which creates, may create, or appears to create a lien (except as provided for herein) upon all or any portion of the Luster Products Property or Project; provided, however, that if by law, any such Non-Governmental Charge is payable or, at the option of the taxpayer, may be paid in installments, Developer may pay the same together with any accrued interest on the unpaid balance of such Non-Governmental Charge in installments as the same becomes due and before any fine,

penalty, interest, or cost may be added thereto for the nonpayment of any such installment and interest. "Non-Governmental Charge" shall mean all non-governmental charges, liens, claims, or encumbrances relating to Developer, the Luster Products Property, or the Project. The Developer shall furnish D.P.D., within thirty (30) days after D.P.D.'s request, official receipts of the appropriate authority, or other proof satisfactory to D.P.D., evidencing payment of the Non-Governmental Charge in question. The Developer shall have the right before any delinquency occurs 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 and prevent the imposition of a lien or the sale or forfeiture of the Luster Products Property to collect the same. No such contest or objection shall be deemed or construed in any way as relieving, modifying, or extending the Developer's covenants to pay any such Non-Governmental Charge at the time and in the manner provided in this Agreement.

3.06 Use Of Proceeds.

City Funds and incremental taxes shall be used solely to pay for construction of the T.I.F. Funded Improvements and related costs as provided for in this Agreement.

3.07 Terms Of Covenants.

All warranties, representations, and covenants of the Developer contained 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 until the later of: a) the date on which there are no bonds outstanding the security for which in whole or in part are incremental taxes generated by the Project or; b) the date on which the City has been fully reimbursed from incremental taxes generated by this Project for amounts it expended for the T.I.F. Funded Improvements provided, however, that term shall in no event be longer than the period for which the Redevelopment Area is in effect. The period defined herein shall hereinafter be the "Term of the Agreement".

3.08 Equal Opportunity.

The Developer covenants and agrees that the Project shall be open to all persons regardless of race, color, sex, age, religion, disability, national origin, ancestry, sexual orientation, marital status, parental status, military discharge status or source of income, and that all contractors and subcontractors engaged in the construction of the Project shall provide equal opportunity for employment without discriminating against the persons referenced above.

3.09 Impairment Of Obligations.

The Developer shall immediately notify D.P.D. 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 for the Term of the Agreement.

3.10 Conflict Of Interest.

The Developer warrants and represents that no member, official, or employee of the City has any personal interest, direct or indirect, in the Developer's business; nor shall any such member, official, or employee participate in any decision relating to the Developer's business which affects his/her personal interests or the interests of any corporation, partnership, or association in which he/she is directly interested.

3.11 Developer's Liabilities.

The Developer shall not enter into any transaction which would materially and adversely affect the Developer's ability to perform its obligations hereunder or to repay the Developer's Liabilities. The "Developer's Liabilities" shall mean all obligations and liabilities of Developer to the City whether primary, as a surety or guarantor, direct, contingent, fixed or otherwise presently or hereafter owing, due or payable and however evidenced, created, incurred, or acquired.

3.12 Financial Statements.

The Developer shall maintain and provide to D.P.D. annual compiled financial statements prepared by a certified public accountant in accordance with generally accepted accounting principles and practices consistently maintained throughout the appropriate periods commencing January 1, 1993, and every December 31st thereafter for the term of the Agreement. In addition, upon D.P.D.'s request, the Developer shall submit statements of the Developer's financial condition prepared in accordance with generally accepted accounting principles and practices consistently maintained throughout the requisite periods. However, the parties hereto agree that said compiled financial statements constitute proprietary information and shall be treated as such if they are requested under the Freedom of Information Act. Developer shall also submit statements of Developer's employment profile upon the City's request. The City acknowledges that the Developer is a privately held corporation and as such, does not make any financial information publicly available.

3.13 Covenant To Redevelop.

Upon D.P.D.'s approval of the Scope Drawings (as defined in Section 5 herein) and the Developer's receipt of all required building permits and governmental approvals, the Developer shall redevelop the Luster Products Property in accordance with this Agreement and all Exhibits attached hereto, the Redevelopment Plan, the T.I.F. Ordinances, the Bond Ordinance, and the Scope Drawings and all amendments thereto.

3.14 Insurance.

The Developer, at its own expense, shall comply with all provisions of Section 13 herein for the Term of the Agreement.

Section 4.

City's Representation.

The City represents that it has the authority as a home rule unit of local government to execute, deliver and perform the terms and obligations of this Agreement.

Section 5.

Scope Drawings.

5.01 Scope Drawings.

No later than ninety (90) days after the execution of this Agreement, the Developer shall deliver to D.P.D. for its prior review and approval complete construction documents containing a site plan and working drawings and specifications for the Project (the "Scope Drawings"). D.P.D. shall then have fifteen (15) business days to approve or reject the Scope Drawings. Failure by D.P.D. to approve or reject the Scope Drawings within the fifteen-day period shall be deemed an approval of said Scope Drawings. The Developer may simultaneously submit the Scope Drawings to the City's Building Department, Department of Transportation and such other City departments as may be deemed necessary for the Developer to receive the necessary building permits and other governmental approvals for the Project. Construction and/or demolition work on the Project shall not

proceed until Developer has received a permit, proof of subcontractor's bonding and D.P.D.'s approval of the Scope Drawings. In no event shall Developer request or receive disbursement of all or any portion of the City Funds unless Developer has received D.P.D.'s prior approval of the Scope Drawings. The Developer shall construct the Project in accordance with this Agreement, the Redevelopment Plan, the T.I.F. Ordinances, the Bond Ordinance, the Scope Drawings, and all amendments thereto, as approved by D.P.D.. The Scope Drawings shall conform to the Redevelopment Plan as amended from time to time and all applicable state and local laws, ordinances and regulations. Amendments to the Scope Drawings in the form of Change Orders (as defined below or otherwise) must be submitted by the Developer to D.P.D. for D.P.D.'s prior written approval in accordance with Section 5.02 below.

5.02 Change Orders.

The City reserves the right to review Change Orders (as defined below) to determine whether construction of the Project is in compliance with the provisions of this Agreement and all the exhibits attached hereto, the Scope Drawings and all amendments thereto, the Project Budget as defined in Section 10.01 hereof, the Redevelopment Plan, the T.I.F. Ordinances and the Bond Ordinance. The Developer shall not authorize or permit the performance of any remodeling, reconstruction, demolition or construction relating to the Project or the furnishing of materials in connection with the Project pursuant to any Change Order (as defined below) without giving ten (10) business days prior notice to D.P.D. and, except for Change Orders the cost of which is Twenty-five Thousand Dollars (\$25,000.00) or less each, to an aggregate amount of One Hundred Thousand Dollars (\$100,000), without obtaining the prior written approval of D.P.D. in each and every instance, which shall be given or denied within ten (10) business days after receipt by D.P.D. of the request for the Change Order and documentation substantiating the need therefor. The construction contract between developer and the general contractor for the Project shall contain a provision to this effect. Failure by D.P.D. to approve or deny any Change Order within the ten (10) business day period shall be deemed an approval of the particular Change Order in question for the purposes of the T.I.F. Funded Improvements only. The term "Change Order" as used in this Agreement shall mean any amendment or modification to the Scope Drawings or the Project Budget approved by D.P.D. for the Project. An approved (or deemed approved) Change Order shall not be deemed to imply any obligation by the City to increase funding or other assistance to the Developer.

5.03 Revised Scope Drawings.

In the event D.P.D. rejects all or any portion of the Scope Drawings, the Developer shall have fifteen (15) days from the date the Developer is notified

of such rejection to submit revised or corrected Scope Drawings to D.P.D. for approval.

5.04 D.P.D. Approval.

Any approvals (or deemed approvals) made by D.P.D. of the Scope Drawings and the Change Orders are for the purposes of this Agreement only and do not affect or constitute approvals required for building permits or the approvals required pursuant to any City ordinance, code, regulation or any other governmental approvals, nor does any approval by D.P.D. pursuant to this Agreement constitute approval of the quality, structural soundness or safety of the Luster Products Property and the Project. Any approval (or deemed approval) shall have no effect upon nor shall it operate as a waiver of the Developer's obligations to comply with all City codes, ordinances and regulations. Any approval (or deemed approval) of any Change Order shall not be deemed to imply any increase in funding or other assistance to the Developer.

Section 6.

Certificate Of Completion.

Upon completion of the Project in accordance with this Agreement, and at Developer's written request, D.P.D. shall issue the Developer a Certificate of Completion ("certificate") certifying that Developer has fulfilled its obligation to construct the Project. D.P.D. shall respond to the Developer's written request for a Certificate within thirty (30) days after D.P.D.'s receipt thereof, by issuing either a Certificate or a written statement detailing how the Project does not conform to this Agreement and any other objections to the issuance of a Certificate which D.P.D. may have and the measures which must subsequently be taken by the Developer prior to obtaining the Certificate. The Developer may resubmit a written request for a Certificate upon completion of these measures.

Section 7.

Utilities/Permit Fees.

7.01 Utility Connections.

Developer may connect all on-site water, sanitary, storm and sewer lines

constructed on the Luster Products Property to City utility lines existing on or near the perimeter of the Luster Products Property, provided Developer first complies with all City requirements governing such connections, including the payment of any fees and costs related thereto.

7.02 Permit Fees.

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

Section 8.

Performance Bonds.

The Developer shall require that the general contractor require each subcontractor for the Project to be bondable for its performance and payment by sureties having an AA rating or better using American Institute of Architects' Form No. A311 or its equivalent. The City shall be named as obligee or additional obligee on each performance bond. However, nothing contained herein shall be construed as requiring the Developer to purchase performance bonds.

Section 9.

T.I.F. Funded Improvements.

9.01 Authority To Construct.

In order to further the development of the Redevelopment Area, the City hereby designates the Developer as the City's agent and authorizes the Developer to oversee the planning, coordination and construction of the T.I.F. Funded Improvements to be carried out in accordance with this Agreement.

9.02 Construction Escrow.

The City hereby agrees to enter into the Escrow Agreement attached

hereto as Exhibit F (the "Escrow Agreement") establishing a construction escrow (the "Escrow") with Chicago Title and Trust Company as escrowee (the "Escrowee").

9.03 Deposit Of Funds.

The City hereby agrees to provide City Funds in an amount not to exceed Five Million Dollars (\$5,000,000) to finance the cost of acquiring and constructing the T.I.F. Funded Improvements and to fund draw requests pursuant to the Escrow Agreement and this Agreement in such amount; provided, however, that the Developer is in compliance with all provisions of this Agreement, unless otherwise waived by the Commissioner, in her sole discretion, and provided, further, that the Developer's Project Budget equals an amount not less than Twelve Million Dollars (\$12,000,000). [The City agrees also that it will reimburse the Developer out of incremental taxes for interest incurred in an amount not to exceed the maximum amount authorized under the Act.]

9.04 Funding For Improvements.

The parties agree that the City Funds in the amount set forth in Section 9.03 shall be the primary source of funding for the T.I.F. Funded Improvements, provided, however, the Developer shall pay the amount by which the actual cost of the T.I.F. Funded Improvements exceeds such City Funds.

9.05 Bid Requirement.

Prior to entering into an agreement with a contractor for construction of the T.I.F. Funded Improvements, the Developer shall solicit bids from qualified contractors eligible to do business with, and having an office located in, the City in accordance with the requirements of the Municipal Purchasing Act for Cities of 500,000 or More Population, Ill. Rev. Stat., Ch. 24, Par. 8-10-1, et seq. (1989), a copy of which is attached hereto as Exhibit G, and the City purchasing guidelines, attached hereto as Exhibit H. The Developer shall select the contractor submitting the lowest responsible bid for the selected T.I.F. Funded Improvements who can complete the Project in a timely manner. The City shall have the right to inspect all bids submitted and shall have final approval over the bid process. If the Developer selects other than the lowest responsible bidder for the T.I.F. Funded Improvements, the Developer shall pay the difference between the lowest responsible bid and the bid selected.

9.06 Construction Contract.

The Developer shall enter into a construction contract with the contractor selected to construct the T.I.F. Funded Improvements in accordance with Section 9.05 above. Within five (5) business days after execution of the construction contract by the Developer, the contractor, and any other parties thereto, the Developer shall deliver to D.P.D. and the Corporation Counsel a certified copy of the construction contract together with any modifications, amendments or supplements thereto. The form of the construction contract to be used by Developer is attached hereto in substantial form as Exhibit I and incorporated herein by reference. However, construction shall not begin until the Scope Drawings have been approved by D.P.D. and all requisite permits have been obtained.

9.07 Excess Costs.

In the event the aggregate cost of the T.I.F. Funded Improvements exceeds the amount of the City Funds available pursuant to Section 9.03, the Developer shall be solely responsible for those excess costs and shall hold the City harmless from any and all costs and expenses of completing the T.I.F. Funded Improvements in excess of the City Funds.

9.08 Failure To Complete.

Subject to Section 19.21, if the Developer fails to complete the T.I.F. Funded Improvements in accordance with the terms hereof and provided the City has complied in all material respects with the disbursement requirements as set out in the Escrow Agreement, then the City shall have the right (but not the obligation) to complete the T.I.F. Funded Improvements and to pay for the costs of the T.I.F. Funded Improvements (including interest costs) out of the City Funds, as appropriate. In the event that the aggregate cost of completing the T.I.F. Funded Improvements exceeds the amount of the City Funds available pursuant to Section 9.03, the Developer shall reimburse the City for all costs and expenses incurred by the City to complete the T.I.F. Funded Improvements in excess of the available City Funds.

9.09 Construction/Completion.

Subject to Section 19.21, the Developer shall commence construction of the Project by May 1, 1993. The Developer shall complete construction of the Project, occupy the Luster Products Property and conduct business operations on the Luster Products Property no later than April 1, 1994.

9.10 Reduction Of Scope.

If the cost of the T.I.F. Funded Improvements exceeds City Funds available pursuant to Section 9.03, the City may, but shall not be obligated to, confer with Developer to determine whether a change in scope of all or any portion of the T.I.F. Funded Improvements should be made. The decision to change the scope of all or any portion of the T.I.F. Funded Improvements shall be in the sole discretion of the City and shall not reduce the Developer's obligations under this Agreement. City Funds remaining after completion of the T.I.F. Funded Improvements may, at the City's sole discretion, be applied to other eligible redevelopment project costs.

Section 10.

Project.

10.1 Project Budget.

The Developer has furnished D.P.D. with a Project budget, attached hereto as Exhibit J and incorporated herein, detailing the total costs of the Project (including costs incidental thereto) by a line item cost ("Project Budget"). Developer shall certify to the City that the City Funds, together with the financing described in Section 2.04 and other private funds shall be sufficient to pay all Project costs. The Project Budget shall be certified by the Developer to the City to be true, correct and complete in all respects and shall be dated as of the date of this Agreement. The Developer shall promptly deliver to D.P.D. certified copies of any revisions to the Project Budget for approval.

10.02 Progress Reports.

The Developer shall provide D.P.D. with monthly progress reports detailing the construction status and completion date of the Project.

10.03 Barricades.

Prior to commencing any construction requiring barricades, the Developer shall install a construction barricade of any type, kind and appearance satisfactory to the City and constructed in compliance with all applicable federal, state or city laws, ordinances and regulations. D.P.D. retains the right to reasonably approve the maintenance, appearance, color scheme, painting, the nature, type, content and design of all barricades and signs thereof.

Section 11.

Disbursement.

11.01 Depository Of Funds.

The City Comptroller, in his sole discretion, with the consent of the underwriter and subject to the Bond Ordinance, shall determine whether the City Funds shall be held by the City Treasurer for disbursement or deposited with a commercial bank or trust company chosen by the City. Provided, however, that with respect to the City Funds to be deposited in the Project Fund (as defined in the Bond Ordinance) the parties shall enter into an Escrow Agreement.

11.02 City Fees.

The City may allocate the sum of Ninety Thousand Dollars (\$90,000.00) for payment of costs incurred by the City for the administration and monitoring of the construction of the Project.

Section 12.

Indemnification.

The Developer agrees to indemnify, defend and hold the City harmless from and against any losses, costs, damages, liabilities, claims, suits, actions, causes of action and expenses (including, without limitation, reasonable attorneys' fees and court costs) suffered or incurred by the City arising from or in connection with (i) the Developer's failure to comply with any of the terms, covenants and conditions contained within this Agreement, or (ii) Developer's or any contractor's failure to pay contractors, subcontractors or materialmen in connection with the T.I.F. Funded Improvements, or (iii) the existence of any material misrepresentation or omission in any offering memorandum or the Redevelopment Plan which is the result of information supplied or omitted by the Developer or its agents, employees, contractors or persons acting under the control or at the request of the Developer, or (iv) the Developer's failure to cure any misrepresentations in this Agreement or any other agreement relating hereto.

*Section 13.**Insurance.*

13.01 Categories.

The Developer shall at all times provide, maintain and keep in force the following policies of insurance:

(a) Comprehensive public liability insurance (primary and umbrella), including coverage for elevators and escalators, if any, on the Luster Products Property and completed operations coverage for two years after any construction or repair at the Luster Products Property has been completed, on an occurrence basis against claims for personal injury, including, without limitation, bodily injury, death, or property damage occurring on, in, or about the Luster Products Property and the adjoining streets, sidewalks and passageways, such insurance to afford minimum protection to a limit of not less than \$_____ per occurrence combined single limit. Products/completed operation, independent contractors and contractual liability coverages shall also be included.

(b) During the course of any construction or repair at the Luster Products Property, including improvements and/or betterments, All Risk Blanket Builder's Risk Insurance against all risks of physical loss, on a completed value basis, including collapse and transit coverage not to exceed \$_____, in non-reporting form, covering the total value of work performed and fixtures, machinery, equipment, supplies and materials furnished that are or will be part of the Luster Products Property and containing the "permission to occupy upon completion of work" endorsement. Coverage extensions shall include earthquake and boiler and machinery insurance covering any pressure vessels, air tanks, boilers, machinery, pressure piping, heating, air conditioning, elevator and escalator equipment located on the Luster Products Property, and insurance against loss of occupancy or use arising from any breakdown therein.

(c) If the Luster Products Property is located in an area that has been identified by H.U.D. as an area having special flood hazards, and if the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, flood insurance in an amount at least equal to the cost of the Luster Products Property or to the maximum limit of coverage made available with respect to the particular type of property under the National Flood Insurance Act of 1968, whichever is less.

(d) Workers' Compensation and Occupational Disease Insurance in accordance with the requirement of Illinois law, covering all employees who are to provide a service in connection with the Project. Employer's liability coverage with limits of not less than \$_____ shall be included.

(e) Automobile Liability Insurance covering any architects, engineers and consulting firms utilized in connection with the Project with limits of not less than \$_____. This policy shall include Prior Acts coverage and/or Extended Reporting Period.

(f) Such other insurance in form, content, amounts and with such companies as may be required by the City.

13.02 Delivery Of Policies; Payment Of Premiums.

All insurance policies, including endorsements required by the terms of the Agreement, shall be in form, content, amount and with such companies as shall be satisfactory to the City's Department of Finance, Risk Management Office located at 510 North Peshtigo Court, Chicago, Illinois 60602. All insurance policies (other than policies of workers' compensation insurance) shall be maintained for and name the City as an additional insured, and the policies required by Section 13.01 hereof shall have attached thereto a City's loss payable endorsement for the benefit of the City with the original of all required policies of insurance or, in lieu thereof, with original certificates of such insurance in form satisfactory to the Developer and the City and certified copies of said policies of insurance. The Developer shall pay all premiums in whole or part when due. At least thirty (30) days prior to the expiration of each such policy, the Developer shall furnish the City evidence satisfactory to the City of the payment of the premium and the reissuance of a policy continuing insurance in force as required by this Agreement. The Developer will deliver to the City the originals of all insurance policies not later than thirty (30) days prior to their respective expiration dates. Each policy of insurance required by this Agreement shall contain a provision that such policy shall not be cancelled or amended, including any reduction in the scope or limits of coverage, without a minimum of sixty (60) days prior written notice to the City.

All policies of insurance required by the terms of this Agreement shall contain an endorsement or agreement by insurer that any loss shall be payable in accordance with the terms of such policy notwithstanding any act of negligence of the Developer which might otherwise result in forfeiture of said insurance, and the further agreement of the insurer waiving all right of set-off, counterclaim, or deductions against the Developer, and shall provide that the amount payable for any loss shall not be reduced by reasons of co-insurance.

In the event the Developer shall fail to comply with this Section, the City, at its option (without waiving or releasing any obligation or default by the Developer under this Agreement) shall have the unqualified right to obtain or maintain any of the insurance policies required under this Agreement. All sums expended by the City shall be promptly reimbursed by the Developer upon demand by the City.

Section 14.

Maintaining Records/Right To Inspect.

14.01 Books And Records.

The Developer shall keep and maintain separate, complete, accurate and detailed books and records necessary to reflect and fully disclose the amount and disposition of the total cost of the activities paid for with the City Funds. All such books, records and other documents including but not limited to, the Developer's loan statements, general contractors' sworn statements, general contracts, subcontracts, purchase orders, waivers of lien, paid receipts and invoices shall be available at the Developer's offices for inspection, copying, audit and examination by an authorized representative of the City. The Developer shall incorporate this right to inspect, copy, audit and examine all books and records into all contracts entered into by Developer with respect to the Project.

14.02 Inspection Rights.

Any authorized representative of the City shall have access to all portions of the Project and the Luster Products Property during normal business hours for the Term of this Agreement.

Section 15.

Conditional Provisions.

The provisions set forth in Exhibit K hereto will become effective at the sole option of the City and upon the City's receipt of an opinion from nationally recognized bond counsel that the effectiveness of those provisions will not adversely affect the tax-exempt status of the Bonds or the T.I.F. Bonds. In the event that the City exercises its option to make the provisions

in Exhibit K effective, it shall so notify the Developer in accordance with Section 17 hereof.

Section 16.

Equal Employment Opportunity.

The Developer and its successors and assigns, contractors, tenants and lessees, agree that for the Term of the Agreement:

(a) The Developer shall not discriminate against any employee or applicant for employment on the basis of race, color, religion, sex, national origin, ancestry, age, mental or physical disability, sexual orientation, marital status, parental status, military discharge status or source of income, as defined in the City of Chicago Human Rights Ordinance adopted December 21, 1988. The Developer will take affirmative action to insure that applicants are employed and employees are treated during employment without regard to their race, color, religion, sex, national origin, ancestry, age, mental or physical disability, sexual orientation, marital status, parental status, military discharge or source of income. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruiting or recruiting advertising; layoff or termination; rates of pay or other forms of compensation and selection for training, including apprenticeship. The Developer 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.

(b) To the greatest extent feasible, the Developer shall create training and employment opportunities for the benefit of low and moderate income residents of the Redevelopment Area. Moreover, to the greatest extent possible, contracts for work performed in connection with the Project shall be awarded to business concerns which are located in, or owned in substantial part, by persons residing in the Redevelopment Area.

(c) All solicitation or advertisement for employees placed by or on behalf of the Developer shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, ancestry, age, mental or physical disability, sexual orientation, marital status, parental status, military discharge or source of income.

(d) Simultaneously upon the execution and delivery of the Agreement, the Developer and the City of Chicago, Mayor's Office of Employment and Training ("M.E.T.") will enter into a "First Source Agreement" in the form attached hereto as Exhibit I and incorporated herein.

(e) The Developer shall comply with federal and state equal employment and affirmative action statutes, rules, and regulations, including but not limited to the City and State Human Rights Acts, and any subsequent amendments and regulations promulgated pursuant thereto.

(f) The Developer agrees to be bound by and comply with the Minority Business Enterprise and Women Business Enterprise Commitment provisions contained in Exhibit L attached hereto and incorporated herein. For the purposes of this Agreement, the following terms used in Exhibit L have the following meanings: (i) "Year Advertised" shall mean year of the First Disbursement Date, (ii) "Contractor, Bidder and Proposer" shall mean the Developer, and (iii) "Total Contract Prices" shall mean total costs of the Project as indicated in the Project Budget.

(g) The Developer will include the foregoing provisions in every contract entered into in connection with the Project, and will require the inclusion of these provisions in every subcontract entered into by any of its subcontractors, and every lease and sublease so that such provision will be binding upon each contractor or subcontractor, tenant or subtenant, as the case may be. The term "Developer" as used in this section shall be deemed to include the Developer's successors, assigns, contractors, subcontractors, tenants and lessees.

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) electronic communications, whether by telex, telegram or telecopy; (c) overnight courier, or (d) registered or certified, first class mail, return receipt requested.

If To City: City of Chicago
Department of Planning and
Development
121 North LaSalle Street,
Room 1000
Chicago, Illinois 60602
Attention: Commissioner

With Copies To: City of Chicago
Department of Law
Finance and Economic
Development Division
121 North LaSalle Street,
Room 511
Chicago, Illinois 60602

If To Developer: Luster Products, Inc.
1625 South Michigan Avenue
Chicago, Illinois 60616
Attention: Jory Luster

With Copies To: Mary Riordan
Polsky & Riordan, Ltd.
205 North Michigan Avenue,
Suite 3909
Chicago, Illinois 60601

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 by electronic means. Any notice, demand 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 forty-eight (48) hours following deposit in the mail.

Section 18.

Environmental Matters/Hazardous Waste.

The Developer hereby represents and warrants to the City that the

Developer has conducted environmental studies sufficient to conclude that the Project may be constructed, completed and operated in accordance with this Agreement and all exhibits attached hereto, the Scope Drawings and all amendments thereto, the Bond Ordinance, the T.I.F. Ordinances and the Redevelopment Plan.

Without limiting any other provisions hereof, the Developer agrees to indemnify and hold the City harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses or claims of any kind whatsoever including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any of the following (collectively, "Environmental Laws"): the Comprehensive Environmental Response, Compensation and Liability Act of 1980 as amended, any so-called "Superfund" or "Superlien" law or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree now or hereafter in force regulating, relating to or imposing liability or standards of conduct concerning any Hazardous Material incurred, suffered by or asserted against the City as a direct or indirect result of any of the following, regardless of whether or not caused by, or within the control of Developer: (i) the presence of any Hazardous Material on or under, or the escape, seepage, leakage, spillage, emission, discharge or release of any Hazardous Material from (A) all or any portion of the Luster Products Property or (B) any other real property in which the Developer holds any estate or interest whatsoever (including, without limitation, any property owned by a land trust in which the beneficial interest is owned, in whole or in part, by Developer) or (ii) any liens against the Luster Products Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligations of the City or any of its subsidiaries under any Environmental Laws relating to the Luster Products Property.

Section 19.

Miscellaneous.

19.01 Amendment.

This Agreement and any exhibits attached hereto, may not be amended without the prior written consent of the City.

19.02 Entire Agreement.

This Agreement (including the exhibits attached hereto) 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.

19.03 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 or any successor in interest or on any obligation under the terms of this Agreement.

19.04 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.

19.05 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.

19.06 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.

19.07 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.

19.08 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.

19.09 Recordation.

The Developer, at its own expense, shall on the Closing Date execute and deliver an original of this Agreement in proper form for recording and/or indexing in the appropriate governmental land records.

19.10 Assignment.

Except for the purpose of obtaining financing for the Project, the Developer may not sell, transfer, assign or otherwise dispose of this Agreement in whole or in part without the written consent of the City. The Developer consents to the City's sale, transfer, assignment or other disposal of this Agreement at any time in whole or in part.

19.11 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.

19.12 Conflict.

In the event of a conflict between any provisions of this Agreement and the provisions of the Bond Ordinance, the Bond Ordinance shall prevail and control.

19.13 Governing Law.

This Agreement shall be governed by and construed in accordance with Illinois law.

19.14 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.

19.15 Term Of Agreement.

This Agreement and all provisions herein shall remain in full force and effect for the period provided for in Section 3.07.

19.16 Signs.

The Developer is required to erect a sign of size and style approved by the City in a conspicuous location on the Luster Products Property during the construction period of the Project, indicating that financing has been provided by the City, and the City reserves the right to include the name, photograph, artistic rendering and other pertinent information of the Developer, the Luster Products Property and the Project in the City's promotional literature and communications.

19.17 Approval.

Wherever this Agreement provides for the approval or consent of the City or D.P.D., or any matter is to be to the City's or D.P.D.'s satisfaction, unless specifically stated to the contrary, such approval, consent or satisfaction shall be made, given or determined by the City or D.P.D. in their sole discretion.

19.18 Binding Effect.

This Agreement shall be binding upon the Developer and its successors and assigns and shall inure to the benefit of the City, its successors and assigns.

19.19 Waiver.

Waiver by the City or the Developer with respect to any breach of this Agreement shall not be considered treated as a waiver of the rights of the respective parties 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.

19.20 Specific Performance.

Upon a breach of this Agreement, either of the parties in any court of competent jurisdiction may by any action or proceeding at law or in equity, secure the specific performance of the covenants and agreement herein contained or may be awarded damages for failure of performance or both. In addition to the foregoing, in the event of a material default under this

Agreement by the Developer, the City may suspend disbursement of the City Funds.

19.21 Force Majeure.

For the purposes of any of the provisions of this Agreement, neither the City nor Developer, as the case may be, nor any successor in interest, shall be considered in breach of or default in its obligations under this Agreement in the event of any delay caused by damage or destruction by fire or other casualty, strike, shortage of material, unusually adverse weather condition such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or quantity 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 respective obligations hereunder.

In Witness Whereof, The parties hereto have caused this Agreement to be executed on or as of the day and year first above written.

Developer:

Luster Products, Inc., an Illinois corporation

By: _____

Its: _____

Attest:

By: _____

Its: _____

City:

City of Chicago, an Illinois
municipal corporation

By: _____

Its: Commissioner, Department of
Planning and Development

State of Illinois)
) SS:
County of Cook)

I, _____, a Notary Public in and for the said
County, in the State aforesaid, Do Hereby Certify that _____
personally known to me to be _____ of Luster Products,
Inc., 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 as a free and voluntary act for the uses and purposes therein set
forth.

Notary Public

[Seal]

My commission expires: _____

[Exhibits "A" through "M" referred to in this Redevelopment
Agreement unavailable at time of printing.]