

Contract Summary Sheet

Contract (PO) Number: 8222

Specification Number: 33599

Name of Contractor: 550 JACKSON ASSOCIATES, LLC

City Department: PLANNING & DEVELOPMENT

Title of Contract: Redevelopment Agreement 550 W Jackson

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

\$7,500,000 00

PO Start Date: 12/16/04

PO End Date: 12/31/22

Brief Description of Work: Redevelopment Agreement 550 W Jackson

Procurement Services Contact Person: THOMAS DZIEDZIC

Vendor Number: 50084661

Submission Date:

FEB 17 2009



RDA

SIGNED
ORIGINAL

Execution Draft

550 WEST JACKSON BUILDING PROJECT

**CANAL/CONGRESS
REDEVELOPMENT PROJECT AREA**

**550 JACKSON ASSOCIATES LIMITED LIABILITY COMPANY
REDEVELOPMENT AGREEMENT**

DATED AS OF DECEMBER 16, 2004

BY AND BETWEEN

THE CITY OF CHICAGO

AND

**550 JACKSON ASSOCIATES LIMITED LIABILITY COMPANY,
a Delaware limited liability company**

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

**550 JACKSON ASSOCIATES LIMITED LIABILITY COMPANY
REDEVELOPMENT AGREEMENT
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**550 JACKSON ASSOCIATES LIMITED LIABILITY COMPANY
REDEVELOPMENT AGREEMENT
LIST OF SCHEDULES AND EXHIBITS**

Schedules

Schedule A	Definitions
Schedule B	Insurance Requirements

Exhibits

Exhibit A	*Redevelopment Area Legal Description
Exhibit B	*Legal Description of the Building
Exhibit C	Redevelopment Plan
Exhibit D-1	*Project Budget
Exhibit D-2	*Construction (MBE/WBE) Budget
Exhibit E	TIF-Funded Improvements
Exhibit F	IT-Industry Tenants
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Exhibit I	Opinion of Developer's Counsel
Exhibit J	*Preliminary TIF Projection -- Real Estate Taxes
Exhibit K	Form of Bond (Intentionally Omitted)
Exhibit L	Public Benefits Program
Exhibit M-1	Form of Note 1 and related Certificate of Expenditure
Exhibit M-2	Form of Note 2 and related Certificate of Expenditure

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

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

550 JACKSON ASSOCIATES LIMITED LIABILITY COMPANY REDEVELOPMENT AGREEMENT

This 550 Jackson Associates Limited Liability Company Redevelopment Agreement (the "**Agreement**") is made as of this 16th day of December, 2004, by and between the City of Chicago, an Illinois municipal corporation (the "**City**"), through its Department of Planning and Development ("**DPD**"), and 550 Jackson Associates Limited Liability Company, a Delaware limited liability company ("**Developer**")

RECITALS:

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

B. Statutory Authority: The City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74 4-1 et seq (2002 State Bar Edition), as amended from time-to-time (the "**Act**"), to finance projects that eradicate blighted conditions through the use of tax increment allocation financing for redevelopment projects

C. **City Council Authority:** To induce redevelopment under the provisions of the Act, the City Council of the City (the "**City Council**") adopted the following ordinances on November 12, 1998. (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the Canal/Congress Redevelopment Project Area", (2) "An Ordinance of the City of Chicago, Illinois Designating the Canal/Congress Redevelopment Project Area as a Redevelopment Project Area Pursuant to Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the Canal/Congress Redevelopment Project Area" (the "**TIF Adoption Ordinance**") Collectively the three ordinances are defined as the "**TIF Ordinances**" The redevelopment project area (the "**Redevelopment Area**") is legally described in Exhibit A.

D. **The Project:** Developer presently owns the existing land and building at 550 West Jackson Boulevard, Chicago, Illinois (such land, building and related improvements together being defined as the "**Building**") A legal description of the Building land is Exhibit B The Building prior to its redevelopment consisted of a 4-story Class C office building with approximately 100,000 square feet of office space and two levels of underground parking The Building was originally built in the late 1950's Developer or its affiliates has owned the Building since 1985 The Building has been in need of significant reconstruction, with deterioration to the walls of the basement parking area and leaking in the curtain wall of the Building Presently, MCI Metro Access Transmission Services, LLC, a unit of WorldCom, Inc ("**MCI**") accounts for approximately 25% of the occupancy of the Building. MCI has a long-term lease of the entire first floor of the Building other than the lobby area MCI uses these leased premises as its primary switching station for the Chicago metro area Developer is adding 14 stories atop the existing 4-story Building, renovating the underground parking area, and otherwise adding upgrades to the Building and improvements to the Building The expanded structure includes approximately 407,000 square feet of net rentable area and a parking area which can accommodate up to 250 cars on a valet parking basis The Building's rental features are attractive to potential tenants in the information technology and related business services sectors scheduled in Exhibit F ("**IT-Industry**"). Construction of the additional Building stories, renovation of the underground parking area, and related improvements and upgrades to the Building are collectively defined as the "**Project**" The completion of the Project would not reasonably be anticipated without the financing contemplated in this Agreement

E. **Redevelopment Plan:** The Project is being carried out in accordance with this Agreement and the City of Chicago Canal/Congress Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project dated August 11, 1998 (the "**Redevelopment Plan**") attached as Exhibit C, as amended from time-to-time

F. **City Financing and Assistance:** Subject to Developer fulfilling its obligations under this Agreement required to obligate the City to do so, the City will issue to Developer the Notes (as defined below), in the amounts set forth in Section 4.03, and make payments of principal and interest on the Notes to reimburse Developer out of Available Incremental Taxes (as defined below) as provided in this Agreement for the costs of the TIF-Funded Improvements

under 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 (as defined below) pursuant to a TIF bond ordinance (the "**TIF Bond Ordinance**"), at a later date as described and conditioned in Section 4 06 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 Increment (as defined below), including any such payment made pursuant to any Note provided to Developer under this Agreement, or in order to reimburse the City for the costs of TIF-Funded Improvements

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

AGREEMENT:

ARTICLE ONE: INCORPORATION OF RECITALS

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

ARTICLE TWO: DEFINITIONS

The definitions stated Schedule A and those definitions stated in the recitals are hereby incorporated into this Agreement by reference and made a part hereof

ARTICLE THREE: THE PROJECT

3 01 **The Project**. Developer completed the Project to the requirements of the Scope Drawings and Plans and Specifications on or about January 31, 2002

3 02 **Scope Drawings and Plans and Specifications**. Developer has delivered the Scope Drawings and Plans and Specifications to DPD and DPD has approved them After such initial approval, subsequent proposed changes to the Scope Drawings or Plans and Specifications will be submitted to DPD as a Change Order under Section 3 04 The Scope Drawings and Plans and Specifications will at all times conform to the Redevelopment Plan as amended from time to time and all applicable Federal, State and local laws, ordinances and regulations Developer will submit all necessary documents to the City's Department of Buildings, Department of

Transportation, and to such other City departments or governmental authorities as may be necessary to acquire building permits and other required approvals for the Project

3 03 **Project Budget.** Developer has furnished to DPD, and DPD has approved, a Project Budget which is Exhibit D-1, showing total costs for the Project in an amount not less than \$78,040,033 Developer hereby certifies to the City that (a) it has Lender Financing and Equity in an aggregate amount sufficient to pay for all Project costs, and (b) the Project Budget is true, correct and complete in all material respects Developer shall promptly deliver to DPD copies of any Change Orders with respect to the Project Budget pursuant to Section 3 04 hereof

3 04 **Change Orders.** Except as provided below, all Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project must be submitted by Developer to DPD concurrently with the progress reports described in Section 3 07, provided, however, that any Change Orders relating to any of the following must be submitted by Developer to DPD for DPD's prior written approval (a) a reduction by more than five percent (5%) in the square footage of the Project, or (b) a change in the basic use of the Building, or (c) a delay in the Project completion date Except as provided below, Developer shall not authorize or permit the performance of any work relating to any Change Order requiring DPD's prior written approval or the furnishing of materials in connection therewith prior to the receipt by Developer of DPD's written approval The Construction Contract, and each contract between the General Contractor and any subcontractor, shall contain a provision to this effect An approved Change Order shall not be deemed to imply any obligation on the part of the City to increase the amount of City Funds or to provide any other additional assistance to Developer Notwithstanding anything to the contrary in this Section 3 04, Change Orders costing less than Two Hundred Fifty Thousand Dollars (\$250,000 00) each, to an aggregate amount of Two Million Dollars (\$2,000,000 00), do not require DPD's prior written approval as set forth in this Section 3 04, but DPD shall be notified in writing of all such Change Orders and Developer, in connection with such notice, shall identify to DPD the source of funding therefor

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

3 06 **Other Approvals.** Any DPD approval under this Agreement will have no effect upon, nor will it operate as a waiver of, Developer's obligations to comply with the provisions of Section 5 03 (Other Governmental Approvals)

3.07 **Progress Reports and Survey Updates.** After the Closing Date, on or before the 15th day of each month, Developer will provide DPD with written monthly progress reports detailing the status of the Project, including a revised completion date, if necessary (with any delay in completion date being considered a Change Order, requiring DPD's written approval under Section 3.04) Developer must also deliver to the City written monthly progress reports detailing compliance with the requirements of Section 8.08 (Prevailing Wage), Section 10.02 (City Resident Construction Worker Employment Requirement) and Section 10.03 (Developer's MBE/WBE Commitment) hereof. If the reports reflect a shortfall in compliance with the requirements of Sections 8.08, 10.02 and 10.03, then there must be included therewith a written plan from Developer acceptable to DPD to address and cure such shortfall. At Project completion, Developer will provide 3 copies of an updated Survey to DPD upon the request of DPD or any lender providing Lender Financing, reflecting improvements made to the Building.

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

3.09 **Barricades.** Prior to commencing any construction requiring barricades, Developer will install a construction barricade of a type and appearance satisfactory to the City and constructed in compliance with all applicable Federal, State or City laws, ordinances, rules and regulations. DPD retains the right to approve the maintenance, appearance, color scheme, painting, nature, type, content, and design of all barricades (other than the name and logo of the Building or Project).

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

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

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

3 13 **Accessibility for Disabled Persons.** Developer acknowledges that it is in the public interest to design, construct and maintain the Project in a manner which promotes, enables, and maximizes universal access throughout the Building Plans for all buildings and improvements on the Building will be reviewed and approved by the Mayor’s Office for People with Disabilities (“MOPD”) to ensure compliance with all applicable laws and regulations related to access for persons with disabilities and to promote the highest standard of accessibility.

ARTICLE FOUR: FINANCING

4 01 **Total Project Cost and Sources of Funds.** The cost of the Project is estimated to be \$78,040,033 to be applied in the manner set forth in the Project Budget Such costs will be funded from the following sources

Equity (subject to <u>Section 4 06</u>)	\$16,158,336 (1)
Lender Financing	56,690,032 (1)
	<hr/>
ESTIMATED TOTAL	\$72,848,368 (1)

NOTES.

(1) Either Equity or Lender Financing will be increased by \$7,500,000 so that the sources of funds will be sufficient City Funds (as defined below) are to be provided to Developer only for reimbursement of the costs of TIF-Funded Improvements

4 02 **Developer Funds.** Equity and Lender Financing will be used to pay all Project costs, including but not limited to costs of TIF-Funded Improvements The City acknowledges that all or a portion of Developer’s Equity may also come from borrowed funds that may be secured by the pledge of membership interests in Developer and collateral other than the Building or the Project

4 03 **City Funds.**

(a) City Funds City Funds may be used to reimburse Developer only for costs of TIF-Funded Improvements that constitute Redevelopment Project Costs Exhibit E states, by line item, the TIF-Funded Improvements for the Project contingent upon receipt by the City of documentation satisfactory in form and substance to DPD evidencing such costs and their respective eligibility as a Redevelopment Project Cost Amounts may be reallocated by Developer among such line items at any time and from time to time without amending this Agreement, upon notice to the City. Reimbursement of costs through City Funds will be in the form of payment of principal and interest under the Notes. The City may redeem all or any portion of the Notes without premium or penalty at any time

(b) Sources of City Funds.

(i) Subject to the terms and conditions of this Agreement, including but not limited to this Section 4 03 and Article Five,

(A) the City will issue Note 1 on the Closing Date in the face amount of up to a maximum of \$5,000,000, with the principal amount at issuance equal to the TIF-Funded Improvements costs which have been certified and accepted by the City to the Closing Date.

(B) the City will issue Note 2 on the date described in sub-paragraph (D) below in the face amount of up to a maximum of \$2,500,000. The principal amount of Note 2 will be increased when a Certificate of Completion under Article Seven is issued to Developer and the other conditions set forth herein have been met.

(C) closing on this Agreement and the issuance of Note 1 on the Closing Date are contingent on Developer providing satisfactory evidence to the City that 40% of the leasable area of the Building has been leased to IT-Industry tenants with minimum lease terms of 5 years.

(D) Note 2 will be issued within 30 days of the date that the Developer has provided satisfactory evidence of the City that 75% of the leasable area of the Building has been leased to IT-Industry tenants with minimum lease terms of 5 years.

(ii) The terms of Note 1 will be as follows:

(A) Principal. The principal amount of Note 1 will be increased after the Closing Date as determined by the Certificate(s) of Expenditure issued by the City in the form of Exhibit M-1, upon Developer providing satisfactory evidence of expenditures for TIF-Funded Improvements and compliance with the applicable requirements and terms and conditions of this Agreement. Certificates of Expenditure will be issued no more frequently than quarterly.

(B) Interest. The interest rate for Note 1 will be fixed on the Closing Date at the Prime Rate then in effect as reported by the Federal Reserve plus 0.50%, but in no event to exceed 9% per annum. Interest on the outstanding principal amount will begin to accrue on the date of issuance of Note 1 (as to the outstanding principal amount of Note 1 as of its issuance date) and on the date of acceptance by DPD of each Certification of Expenditure (as to the increased principal amount of Note 1 resulting

from such Certification of Expenditure), as applicable Unpaid interest will also bear interest at the rate described above.

(C) Repayment of Note 1 All repayment of Note 1 will only occur from not more than 60% of the Available Incremental Taxes, provided, however, that the City expressly reserves the right, in its sole discretion, to repay Note 1 out of more than 60% of Available Incremental Taxes, or from other sources of funds, or from both Available Incremental Taxes and from other sources of funds Note 1 will be repaid based on a 10-year amortization schedule (which amortization period shall commence on the date of the first payment made by the City on Note 1), with the first payment due on February 1, 2005, and subsequent payments due every February 1 thereafter If the amount of Available Incremental Taxes pledged hereunder is insufficient to make any scheduled payment, then (1) the City will not be in default under this Agreement, and (2) due but unpaid scheduled payments (or portions thereof) will be paid as promptly as funds become available for their payment, but only from 60% of Available Incremental Taxes If the actual amount of Available Incremental Taxes pledged hereunder which are received by the City at any time exceeds the next scheduled payment of principal and interest on Note 1, then the excess amount will be used by the City first to pay any due but unpaid principal and interest under Note 1 and then, at the City's option, to (1) pay for funding other projects within the Canal/Congress Redevelopment Project Area; or (2) to make prepayments of the principal of Note 1, or (3) as otherwise determined by the City within the limits of the Act

(D) Additional Terms for Note 1 The City may cancel Note 1: (1) if there is a casualty event to the Building and no certificate of completion for a rebuilt Building is issued by the City within 3 years of the date of such casualty event, or (2) if Developer ceases to operate the Building as a commercial enterprise which is seeking and obtaining commercial rental tenants for space in the Building In any such event, the City is not obligated to pay any accrued interest on Note 1

(iii) The terms of Note 2 will be as follows

(A) Principal The principal amount of Note 2 will be increased when a Certificate of Completion under Article Seven is issued by the City (assuming the conditions for issuance of Note 2 herein have been met), and as determined by a Certificate of Expenditure issued by the City in the form of Exhibit M-2, upon Developer providing satisfactory evidence of

expenditures for TIF-Funded Improvements and compliance with the applicable requirements and terms and conditions of this Agreement

(B) Interest The interest rate for Note 2 will be fixed on the Closing Date at the Prime Rate then in effect as reported by the Federal Reserve plus 0.50, but in no event to exceed 9% per annum. Unpaid interest will also bear interest at the rate described above. Interest on Note 2 will begin to accrue (but not be paid) on any outstanding principal amount when 75% of the Building is leased to IT-Industry tenants with minimum lease terms of 5 years. Interest accrual on Note 2 will be suspended (after a 1-year cure period) if leased space to such IT-Industry tenants falls below 75% of rentable area of the Building at any time during the 5-year period from and after the Closing Date.

(C) Repayment of Note 2 Payments of principal and interest for Note 2 will not be made until

(1) Note 1 is fully paid, and

(2) Developer provides evidence to the City's satisfaction that not less than 50% of the rentable area of the Building is leased to IT-Industry tenants for minimum lease terms of 5 years for the five year period beginning on the 5th anniversary date of the issuance of the Certificate of Completion for the Project.

Thereafter, the City will use not less than 60% of the Available Incremental Taxes to pay the accrued interest on and the principal of Note 2, with the available funds to be used first to repay accrued interest and the remainder used to pay principal on Note 2, provided, however, that the City expressly reserves the right, in its sole discretion, to repay Note 2. (x) out of more than 60% of Available Incremental Taxes, or (y) from other sources of funds, or (z) from both Available Incremental Taxes and from other sources of funds.

(D) Additional Terms for Note 2 The City may cancel Note 2 (and, if Note 2 is canceled, any and all interest accrued after the date of cancellation of Note 2 will also be canceled) under any of the following circumstances:

(1) If Note 1 is canceled for any reason, or

(2) If by the 5th anniversary of the date of issuance of the Certificate of Completion for the Project, Developer has not leased

at least 50% of the rentable area of the Building to IT-Industry tenants for the five year period beginning on such 5th anniversary date, or

(3) If there is a casualty event to the Building and no certificate of completion for a rebuilt Building is issued by the City within 3 years of the date of such casualty event, or

(4) If Developer ceases to operate the Building as a commercial enterprise which is seeking and obtaining commercial rental tenants for space in the Building

(E) Calculation of Leasing Percentages For purposes of subparagraphs (B) and (C) above, when calculating whether the applicable required percentages of space leased to IT-Industry tenants has been met, any parties occupying space in the Building under subleases must also be IT-Industry tenants in order for the leased space of such subtenants to be counted in meeting the requirements

Developer acknowledges and agrees that the City's obligation to reimburse costs related to TIF-Funded Improvements is contingent upon the fulfillment of all of the conditions set forth in parts (i), (ii) and (iii) above, as applicable. DPD shall retain the right to approve or reject, in its sole discretion, the designation of any cost in the Project Budget (including a TIF-Funded Improvement, but excluding any cost identified on Exhibit G) as a Redevelopment Project Cost, provided, that for TIF-Funded Improvements, DPD's review will be limited to determining whether a certain cost is within one of the line items identified on Exhibit E. Developer's failure to satisfy the percentage leasing requirement stated in Section 4 03(b)(iii)(D)(2) will not constitute an Event of Default hereunder.

4 04 Treatment of Prior Expenditures and Subsequent Disbursements.

(a) Prior Expenditures Only those expenditures made by Developer with respect to the Project prior to the Closing Date, evidenced by documentation satisfactory to DPD and approved by DPD as satisfying costs covered in the Project Budget, shall be considered previously contributed Equity or Lender Financing hereunder (the "**Prior Expenditure(s)**") DPD shall have the right, in its sole discretion, to disallow any such expenditure (not listed on Exhibit G) as a Prior Expenditure as of the date hereof. 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 Developer, but shall reduce the amount of Equity and/or Lender Financing required to be contributed by Developer 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, and transfers of costs and expenses from one line item to another may be made by the Developer from time to time and at any time, upon notice to the City and without requiring an amendment to this Agreement

4 05 Cost Overruns. If the aggregate cost of the TIF-Funded Improvements exceeds City Funds available pursuant to Section 4 03 hereof, Developer shall be solely responsible for such excess costs, and shall hold the City harmless from any and all costs and expenses of completing the TIF-Funded Improvements in excess of City Funds and from any and all costs and expenses of completing the Project in excess of the Project Budget

4 06 TIF Bonds. The Commissioner of DPD may, in his or her sole discretion, recommend that the City Council approve an ordinance or ordinances authorizing the issuance of TIF Bonds in an amount which, in the opinion of the Comptroller, is marketable under the then current market conditions The proceeds of TIF Bonds may be used to pay the outstanding principal and accrued interest (through the date of prepayment) under the Notes and for other purposes as the City may determine The costs of issuance of the TIF Bonds would be borne by the City Developer will cooperate with the City in the issuance of the TIF Bonds, as provided in Section 8 05 hereof While either of the Notes are outstanding, without the consent of the Developer, the City will not pledge, for the repayment of any TIF Bonds, the up to 60% of the Available Incremental Taxes that the City has pledged to use for the repayment of the Notes in Section 4 03 hereunder

4 07 Transfer of the Building.

(a) Before Obtaining a Certificate Developer agrees that the Building will not be sold or otherwise transferred (directly or indirectly) prior to Developer obtaining a Certificate under Article Seven

(b) After Obtaining a Certificate During the 5-year period from the date of the Certificate issued under Article Seven, Developer may sell or transfer (directly or indirectly) all or any portion of the Building, provided however that, all of the following restrictions will apply to any sale or transfer (directly or indirectly) of the Building

(i) Developer must obtain prior written approval from DPD (not to be unreasonably withheld) for any sale or transfer (directly or indirectly),

(ii) At the closing of any sale or transfer, any prospective buyer or transferee must accept an assignment of this Agreement under Section 18 15, and an assignment of the Notes (unless otherwise assigned or sold),

(iii) At the closing of any sale or transfer, any prospective buyer or transferee

must provide the City with certificates concerning any such buyer's or transferee's compliance with the Redevelopment Plan, its assumption of all of the executory duties of "Developer" under this Agreement, and such other certifications as the City may require in the circumstances, and

(iv) Any prospective buyer or transferee must be qualified to do business with the City under the City requirements in effect on the date of any closing of any sale or transfer, including but not limited to anti-scofflaw requirements, and the completion of the City's then current form of economic disclosure statement in a manner satisfactory to the City

(c) City Share of Any Transfer Proceeds If there is a sale or transfer (directly or indirectly) of the Building within the 5-year period from the date of the Certificate, the City will share in the proceeds of any such sale or transfer as follows

(i) At the closing of any such sale or transfer, the City will receive cash in immediately available funds in the amount of the lesser of (x) 25% of the net sale proceeds as defined below, or (y) \$7,500,000

(ii) For purposes of this subsection, "net sale proceeds" is defined as the cash or cash-value equivalent in the case of a transfer, comprising the gross sale proceeds, less the following items

(A) sale costs, (which shall include, but not be limited to title, escrow and survey costs, attorneys fees, transfer taxes, closing prorations and credits, other taxes, financing prepayment charges, and other charges or costs paid by Developer as seller or customarily paid by purchasers and sellers of property and paid by Developer as seller),

(B) repayment of all senior loan financing secured by the Building,

(C) repayment of all mezzanine financing together with cumulative interest owed, any related exit fee, and all other amounts due with respect to such financing, and

(D) repayment to Developer of its equity investment in the Building (which is \$12,800,000 as of the Closing Date) (if not already repaid) plus a 12% return on such equity investment (if not already paid)

(d) From and after the end of the 5-year period commencing on the date of the Certificate, Developer may sell or transfer (directly or indirectly) all or any portion of the Building without prior notice to DPD, and without the requirement to share any proceeds of such sale or transfer with the City

(e) The terms and conditions of this Section 4 07 will not apply to any sale or transfer (directly or indirectly) of all or any portion of the Building (or ownership interests in Developer) pursuant to the exercise of any remedies held by any lender providing Lender Financing under applicable loan documentation

ARTICLE FIVE: CONDITIONS PRECEDENT

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

5 01 **Project Budget.** Developer will have submitted to DPD, and DPD will have approved, a Project Budget in accordance with the provisions of Section 3.03

5 02 **Scope Drawings and Plans and Specifications.** Developer will have submitted to DPD, and DPD will have approved, the Scope Drawings and Plans and Specifications in accordance with the provisions of Section 3 02

5 03 **Other Governmental Approvals.** Not less than 5 Business Days prior to the Closing Date, Developer will have secured all other necessary approvals and permits required by any Federal, State, or local statute, ordinance, rule or regulation to begin or continue construction of the Project, and shall submit evidence thereof to DPD

5 04 **Financing.**

(a) Developer will have furnished proof acceptable to the City that Developer has Equity and Lender Financing at least in the amounts set forth in Section 4 01 to complete the Project and satisfy its obligations under this Agreement. If a portion of such financing consists of Lender Financing, Developer will have furnished proof as of the Closing Date that the proceeds thereof are available to be drawn upon by Developer as needed and are sufficient (along with the Equity and other sources set forth in Section 4 01) to complete the Project.

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

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

(d) The City agrees that Note 1 and Note 2 may be assigned on a collateral basis to any lender or lenders providing Lender Financing

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

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

Secretary of State (IL)	UCC search
Secretary of State (IL)	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 Developer, the Building or any fixtures now or hereafter affixed thereto, except for the Permitted Liens.

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

5.08 **Insurance.** Developer, at its own expense, will have insured the Building as required under Article Twelve. At least 5 Business Days prior to the Closing Date, certificates required under Article Twelve evidencing the required coverages will have been delivered to DPD.

5.09 **Opinion of Developer's Counsel.** On the Closing Date, Developer will furnish the City with an opinion of counsel, substantially in the form attached hereto as Exhibit I, with such changes as may be required by or acceptable to Corporation Counsel. If Developer has engaged special counsel in connection with the Project, and such special counsel is unwilling or

unable to give some of the opinions set forth in Exhibit I, such opinions shall be obtained by Developer from its general corporate counsel

5 10 **Evidence of Prior Expenditures.** Not less than 20 Business Days prior to the Closing Date, Developer will have provided evidence satisfactory to DPD in its sole discretion of the Prior Expenditures as provided in Section 4 04(a)

5 11 **Financial Statements.** Not less than 30 days prior to the Closing Date, Developer will have provided Financial Statements to DPD for its 2002 or 2003 fiscal years, if available, and its most recently available unaudited interim Financial Statements

5 12 **Additional Documentation.** Developer shall have provided documentation to DPD, satisfactory in form and substance to DPD, with respect to current employment matters and copies of any ground leases or operating leases and other tenant leases executed by Developer for leaseholds in the Building

5 13 **Environmental Audit.** Not less than 30 days prior to the Closing Date, Developer has previously provided DPD with copies of all phase I environmental audits completed with respect to the Building Prior to the Closing Date, Developer will provide the City with a letter from the environmental engineer(s) who completed such audit(s), authorizing the City to rely on such audits

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

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

5 16 **Preconditions of Accepting Certifications of Expenditure.** Prior to the acceptance by DPD of any Certification of Expenditure under Note 1 and Note 2, Developer shall submit to DPD documentation of such expenditures (in the form of waivers of lien, canceled checks, closing statements, or such other documentation as DPD may reasonably require), which shall be satisfactory to DPD Delivery by Developer to DPD of any Certification of Expenditure hereunder shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such request for disbursement, that

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

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

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

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

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

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

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

The City will not execute any Certificate of Expenditure for Note 1 unless Developer has satisfied the City that Developer has complied, or is implementing a plan to comply, with the requirements of Sections 8 08, 10 02 and 10 03 hereof The City will have the right, in its reasonable discretion, to require Developer to submit further documentation as the City may require in order to verify that the matters certified to above are true and correct, and any acceptance of a Certification of Expenditure by the City will be subject to the City's review and approval of such documentation and its satisfaction that such certifications are true and correct. In addition, Developer will have satisfied all other preconditions of disbursement of City Funds for each disbursement, including but not limited to requirements not inconsistent with this Agreement and set forth in the TIF Bond Ordinance, if any, the Bonds, if any, the TIF Bonds, if any, the TIF Ordinances, Notes, and this Agreement

ARTICLE SIX: AGREEMENTS WITH CONTRACTORS

6 01 **Bid Requirement for General Contractor and Subcontractors.**

(a) DPD has approved Developer's selection of Power Contracting & Engineering Corporation, a Delaware corporation, as the general contractor (the "General Contractor") for the construction of the Project. Developer has caused the General Contractor to solicit bids from qualified subcontractors eligible to do business with the City, and shall submit all bids received to DPD for its inspection

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

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

(d) The fee of the General Contractor shall be limited to ten percent (10%) of the total amount of the Construction Contract

6 02 **Construction Contract.** Developer has delivered to DPD and Corporation Counsel a certified copy of the Construction Contract together with any modifications, amendments, or supplements thereto.

6.03 **Performance and Payment Bonds.** Prior to commencement of construction of any work in the public way, Developer will require that the General Contractor and any applicable subcontractor(s) be bonded (as to such work in the public way) for their respective payment and performance by sureties having an AA rating or better using the bond form attached as Exhibit K. The City shall be named as obligee or co-obligee on such bond

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

6 05 **Other Provisions.** In addition to the requirements of this Article Six, the Construction Contract and each contract with any subcontractor shall contain provisions required under Section 3 04 (Change Orders), Section 8 08 (Prevailing Wage), Section 10 01(e) (Employment Opportunity), Section 10 02 (City Resident Construction Worker Employment

Requirement) (but only for the Construction Contract), Section 10.03 (Developer's MBE/WBE Commitment) (but only for the Construction Contract), Article Twelve (Insurance) and Section 14.01 (Books and Records) hereof. Photocopies of all contracts or subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within 5 Business Days of the execution thereof.

ARTICLE SEVEN: COMPLETION OF CONSTRUCTION

7.01 **Certificate of Completion of Construction.** Upon completion of the construction of the Project in accordance with the terms of this Agreement, and upon Developer's written request, DPD will issue to Developer a certificate of completion of construction in recordable form (the "**Certificate**") certifying that Developer has fulfilled its obligation to complete the Project in accordance with the terms of this Agreement. DPD shall respond to Developer's written request for a Certificate within 45 days by issuing either a Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed and the measures which must be taken by Developer in order to obtain the Certificate. Developer may resubmit a written request for a Certificate upon completion of such measures, and the City shall respond within 45 days in the same manner as set forth with respect to the initial request. Such process may repeat until the City issues a Certificate.

7.02 **Effect of Issuance of Certificate; Continuing Obligations.**

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

(b) Those covenants specifically described at Section 8.02 (Covenant to Redevelop) and Section 8.18 (Real Estate Provisions) as covenants that run with the land are the only covenants in this Agreement intended to be binding upon any transferee of the Building (including an assignee as described in the following sentence) throughout the Term of the Agreement notwithstanding the issuance of a Certificate (except with respect to Section 8.02). The other executory terms of this Agreement that remain after the issuance of a Certificate shall be binding only upon Developer or a permitted assignee of Developer who, pursuant to Section 18.15 (Assignment) of this Agreement, has contracted to take an assignment of Developer's rights under this Agreement and assume Developer's liabilities hereunder.

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

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

(b) the right (but not the obligation) to complete those TIF-Funded Improvements that are public improvements and to pay for the costs of such 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, Developer shall reimburse the City for all reasonable costs and expenses incurred by the City in completing such TIF-Funded Improvements in excess of the available City Funds, and

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

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

ARTICLE EIGHT: REPRESENTATIONS, WARRANTIES AND COVENANTS OF DEVELOPER.

8 01 **General.** Developer represents, warrants, and covenants, as of the date of this Agreement and as of the date of each disbursement of City Funds hereunder, that:

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

(d) subject to the terms of Section 4 07 of this Agreement, Developer has acquired and will maintain good, indefeasible and merchantable fee simple title to the Building (and improvements) free and clear of all liens (except for the Permitted Liens, Lender Financing as disclosed in the Project Budget and non-governmental charges that Developer is contesting in good faith pursuant to Section 8 14 hereof),

(e) Developer is now, and for as long during the Term of the Agreement that Developer holds fee simple title to the Building, will 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, to Developer's actual knowledge 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 approvals) necessary to conduct its business and to construct, complete and operate 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 money to which Developer is a party or by which Developer or any of its assets is bound or which otherwise binds the Building or by which the Building or any property interest therein is collateral or security for any debt,

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

(j) prior to the issuance of a Certificate (and subject to the terms of Sections 4 07 and 8 01(d)), Developer will not do any of the following without the prior written consent of DPD. (1) be a party to any merger, liquidation or consolidation, (2) sell, transfer, convey, lease or otherwise dispose (directly or indirectly) of all or substantially all of its assets or any portion of the Building or the Project (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 Developer's business, (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity, or (5) enter into any transaction that would cause a material and detrimental change to Developer's financial condition;

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

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

(m) neither the Developer nor any Affiliate thereof 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 Lists, the Unverified List, the Entity List and the Debarred List.

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

8 03 **Redevelopment Plan.** Developer represents that the Project is and will be in compliance with all applicable terms of the Redevelopment Plan, as in effect on the date hereof

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

8 05 **Cooperation in Issuance of TIF Bonds.** Developer will, at the request of the City, agree to any reasonable amendments to this Agreement that are necessary or desirable in order for the City to issue (in its sole and absolute discretion) TIF Bonds in connection with the Project or the Redevelopment Area, the proceeds of which are to be used to reimburse the City for expenditures made in connection with the TIF-Funded Improvements, provided, however, that any such amendments shall not have a material adverse effect on Developer or the Project Developer will, at Developer's expense, cooperate and provide reasonable assistance in

connection with the marketing of any such TIF 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 Developer shall not have any liability with respect to any disclosures made in connection with any such issuance that are actionable under applicable securities laws unless such disclosures are based on factual information provided by Developer that is determined to be false and misleading.

8.06 **Employment Opportunity.** Developer covenants and agrees to abide by, and contractually obligate and use reasonable efforts to cause the General Contractor and, as applicable, to cause the General Contractor to contractually obligate each subcontractor to abide by the terms set forth in Section 8 08 and Article Ten Developer will submit to DPD a plan describing its compliance program prior to the Closing Date Developer will deliver to the City written progress reports detailing compliance with the requirements of Sections 8 08, 10 02 and 10.03 of this Agreement. Such reports will be delivered to the City when the Project is 25%, 50%, 70% and 100% complete (based on the amount of expenditures incurred in relation to the Project Budget). If any such reports indicate a shortfall in compliance, Developer will also deliver a plan to DPD which will outline, to DPD's satisfaction, the manner in which Developer will correct any shortfall

8 07 **Employment Profile.** Developer will submit, and contractually obligate and cause the General Contractor to submit and contractually obligate any subcontractor to submit, to DPD, from time to time, statements of its employment profile upon DPD's request

8.08 **Prevailing Wage.** Developer covenants and agrees to pay, and to contractually obligate and cause the General Contractor to pay and to contractually cause each subcontractor to pay, the prevailing wage rate as ascertained by the State Department of Labor (the "**Department**"), to all Project employees All such contracts shall list the specified rates to be paid to all laborers, workers and mechanics for each craft or type of worker or mechanic employed pursuant to such contract. If the Department revises such prevailing wage rates, the revised rates shall apply to all such contracts Upon the City's request, Developer shall provide the City with copies of all such contracts entered into by Developer or the General Contractor to evidence compliance with this Section 8 08.

8 09 **Arms-Length Transactions.** Unless DPD shall have given its prior written consent with respect thereto, and except for MGA Management Services, Inc , which is providing construction management services to the Project, and may act as a general contractor for some or all of the tenant improvement work, no other Affiliate of Developer may receive any portion of City Funds, directly or indirectly, in payment for work done, services provided or materials supplied in connection with any TIF-Funded Improvement Developer shall provide information with respect to any entity to receive City Funds directly or indirectly (whether through payment to the Affiliate by Developer and reimbursement to Developer for such costs using City Funds, or otherwise), upon DPD's request, prior to any such disbursement

8 10 **No Conflict of Interest.** Under Section 5/11-74.4-4(n) of the Act, Developer represents, warrants and covenants that, no member, official, or employee of the City, or of any commission or committee exercising authority over the Project, the Redevelopment Area or the Redevelopment Plan, or any consultant hired by the City or Developer with respect thereto, 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 Developer's business, the Building, the Project, or to the Developer's actual knowledge, any other property in the Redevelopment Area or the Project.

8 11 **Disclosure of Interest.** Developer's counsel has no direct or indirect financial ownership interest in Developer, the Building or any other feature of the Project

8.12 **Financial Statements.** Developer will obtain and provide to DPD Financial Statements for Developer's fiscal year ended 2002 or 2003, as applicable, and each quarter thereafter for the Term of the Agreement. In addition, Developer will submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other periods as DPD may request

8 13 **Insurance.** Developer, solely at its own expense, shall comply with all provisions of Article Twelve hereof

8 14 **Non-Governmental Charges.**

(a) **Payment of Non-Governmental Charges** Except for the Permitted Liens, Developer agrees to pay or cause to be paid when due any Non-Governmental Charge assessed or imposed upon the Project, the Building or any fixtures that are or may become attached thereto and which are owned by Developer, which creates, may create, or appears to create a lien upon all or any portion of the Building or Project, provided however, that if such Non-Governmental Charge may be paid in installments, Developer may pay the same together with any accrued interest thereon in installments as they become due and before any fine, penalty, interest, or cost may be added thereto for nonpayment. Developer 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** Developer will have the right, before any delinquency occurs.

(i) to contest or object in good faith to the amount or validity of any Non-Governmental 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 transfer or forfeiture of the Property (so long as no such contest or objection shall be deemed or construed to relieve, modify or extend Developer's covenants to pay any such

Non-Governmental Charge at the time and in the manner provided in this Section 8 14), or

(ii) at DPD's sole option, to furnish a good and sufficient bond or other security satisfactory to DPD in such form and amounts as DPD will require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such transfer or forfeiture of the Building 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 15 **Developer's Liabilities.** Developer will not enter into any transaction that would materially and adversely affect its ability to perform its obligations under this Agreement or to repay any material liabilities or perform any material obligations of Developer to any other person or entity Developer will immediately notify DPD of any and all events or actions which may materially affect Developer's ability to carry on its business operations or perform its obligations under this Agreement or any other documents and agreements.

8 16 **Compliance with Laws.** To the best of Developer's knowledge, after diligent inquiry, the Building 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 Building Upon the City's request, Developer will provide evidence satisfactory to the City of such compliance

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

8 18 **Real Estate Provisions.**

(a) **Governmental Charges.**

(i) **Payment of Governmental Charges.** Developer agrees to pay or cause to be paid when due all Governmental Charges (as defined below) which are assessed or imposed upon Developer, the Building or the Project, or become due and payable, and which create, may create, or appear to create a lien upon Developer or all or any portion of the Building or the Project "Governmental Charge" means all Federal, State, county, the City, or other governmental (or any instrumentality, division, agency, body, or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances

relating to Developer, the Building or the Project, including but not limited to real estate taxes

(11) Right to Contest Developer has the right before any delinquency occurs to contest or object in good faith to the amount or validity of any Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted in such manner as shall stay the collection of the contested Governmental Charge and prevent the imposition of a lien or the sale or transfer or forfeiture of the Building. Developer's right to challenge real estate taxes applicable to the Building is limited as provided for in Section 8 18(c) below, provided, that such real estate taxes must be paid in full when due and may be disputed only after such payment is made. No such contest or objection shall be deemed or construed in any way as relieving, modifying or extending Developer's covenants to pay any such Governmental Charge at the time and in the manner provided in this Agreement unless Developer has given prior written notice to DPD of Developer's intent to contest or object to a Governmental Charge and, unless, at DPD's sole option

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

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

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

(c) Real Estate Taxes

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

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

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

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

(v) Covenants Running with the Land The parties agree that the restrictions contained in this Section 8 18(c) are covenants running with the land. This Agreement will be recorded by Developer as a memorandum thereof, at Developer's expense, with the Cook County Recorder of Deeds on the Closing Date. These restrictions will be binding upon Developer and its agents, representatives, lessees, successors, assigns and transferees from and after the date hereof, provided however, that the covenants will be released when the Redevelopment Area is no longer in effect. Developer agrees that any sale, transfer, lease, conveyance, or transfer of title to all or any portion of the Building or

Redevelopment Area from and after the date hereof shall be made explicitly subject to such covenants and restrictions. Notwithstanding anything contained in this Section 8.18(c) to the contrary, the City, in its sole discretion and by its sole action, without the joinder or concurrence of Developer, its successors or assigns, may waive and terminate Developer's covenants and agreements set forth in this Section 8.18(c)

8.19 **Job Readiness Program.** If requested by the City, Developer will participate in job readiness programs established by the City to help prepare individuals to work for businesses located within the Redevelopment Area. The City may allocate up to 10% of Incremental Taxes in the Canal/Congress Redevelopment Project Area TIF Fund (including Incremental Taxes generated by the Building and the Project) for such job readiness programs, provided that up to 60% of the Available Incremental Taxes is reserved for payment of principal and interest on the Notes, with any such payment being subject to the other terms and conditions of this Agreement

8.20 **Public Benefits Program.** After the Closing Date, Developer will undertake a continuing public benefits program (“**Public Benefits Program**”) described in more detail in Exhibit L. Developer will provide the City with a status report on an annual basis describing in sufficient detail Developer’s compliance with the Public Benefits Program

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

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

8.23 **Survival of Covenants.** All warranties, representations, covenants and agreements of Developer contained in this Article Eight and elsewhere in this Agreement shall be true, accurate and complete at the time of Developer's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and (except as

provided in Article Seven hereof upon the issuance of a Certificate) shall be in effect throughout the Term of the Agreement

ARTICLE NINE: REPRESENTATIONS, WARRANTIES AND COVENANTS OF CITY

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

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

ARTICLE TEN: DEVELOPER'S EMPLOYMENT OBLIGATIONS

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

(a) No Employer shall discriminate against any employee or applicant for employment based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income as defined in the City of Chicago Human Rights Ordinance, Chapter 2-160, Section 2-160-010 et seq., Municipal Code, except as otherwise provided by said ordinance and as amended from time-to-time (the "**Human Rights Ordinance**") Each Employer 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 State Human Rights Act, 775 ILCS 5/1-101 et seq. (2000 State Bar Edition, as amended), and any subsequent amendments and regulations promulgated thereto

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

(e) Each Employer shall include the foregoing provisions of subparagraphs (a) through (d) in every construction 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 at the Building or on the Project, 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.

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

Developer, the General Contractor and each subcontractor will use their respective best efforts to exceed the minimum percentage of hours stated above, and to employ neighborhood residents in connection with the Project.

(b) Developer may request a reduction or waiver of this minimum percentage level of Chicagoans as provided for in Section 2-92-330 of the Municipal Code of Chicago in accordance with standards and procedures developed by the Chief Procurement Officer of the City

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

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

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

(f) Developer, the General Contractor and each subcontractor will 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. Developer, the General Contractor and each subcontractor will maintain all relevant personnel data and records for a period of at least 3 years after final acceptance of the work constituting the Project

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

(h) Good faith efforts on the part of Developer, the General Contractor and each subcontractor to provide utilization of actual 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) will not suffice to replace the actual, verified achievement of the requirements of this Section concerning the worker hours performed by actual Chicago residents

(i) When work at the Project is completed, in the event that the City has determined that Developer has failed to ensure the fulfillment of the requirement of this Article concerning the worker hours performed by actual residents of the City or failed to report in the manner as

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

(j) Nothing herein provided 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.

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

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

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

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

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

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

this Agreement (and any contract let by Developer in connection with the Project) shall be deemed a "contract" as such terms are defined in Section 2-92-420, Municipal Code of Chicago.

(c) Consistent with Section 2-92-440, Municipal Code of Chicago, Developer's MBE/WBE commitment may be achieved in part by Developer's status as an MBE or WBE (but only to the extent of any actual work performed on the Project by Developer), or by a joint venture with one or more MBEs or WBEs (but only to the extent of the lesser of: (i) the MBE or WBE participation in such joint venture; or, (ii) the amount of any actual work performed on the Project by the MBE or WBE), by Developer utilizing a MBE or a WBE as a General Contractor (but only to the extent of any actual work performed on the Project by the General Contractor), by subcontracting or causing the General Contractor to subcontract a portion of the Project to one or more MBEs or WBEs, or by the purchase of materials used in the Project from one or more MBEs or WBEs, or by any combination of the foregoing. Those entities which constitute both a MBE and a WBE shall not be credited more than once with regard to Developer's MBE/WBE commitment as described in this Section 10 03. Developer or the General Contractor may meet all or part of this commitment through credits received pursuant to Section 2-92-530 of the Municipal Code of Chicago for the voluntary use of MBEs or WBEs in its activities and operations other than the Project.

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

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

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

(g) Prior to the commencement of the Project, Developer, the General Contractor and all major subcontractors shall be required to meet with the monitoring staff of DPD with regard to Developer's compliance with its obligations under this Section 10.03. During this meeting, Developer shall demonstrate to DPD its plan to achieve its obligations under this Section 10.03, the sufficiency of which shall be approved by DPD. During the Project, Developer shall submit the documentation required by this Section 10.03 to the monitoring staff of DPD. This information will include the following: (1) subcontractor's activity report; (2) General Contractor's certification concerning labor standards and prevailing wage requirements, (3) General Contractor letter of understanding, (4) monthly utilization report, (5) authorization for payroll agent, (6) certified payroll, and (7) evidence that MBE/WBE contractor associations have been informed of the Project, as required. Failure to submit such documentation on a timely basis, or a determination by DPD, upon analysis of the documentation, that Developer is not complying with its obligations hereunder shall, upon the delivery of written notice to Developer, be deemed an Event of Default hereunder.

(h) Upon the occurrence of any such Event of Default, in addition to any other remedies provided in this Agreement, the City may withhold any further payment of any City Funds to Developer or the General Contractor, or seek any other remedies against Developer available at law or in equity.

ARTICLE ELEVEN: ENVIRONMENTAL MATTERS

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

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

obligation of the City or Developer or any of its Affiliates under any Environmental Laws relating to the Building

ARTICLE TWELVE: INSURANCE

12.01 **Insurance Requirements.** Developer's insurance requirements are set forth in Schedule B which is hereby incorporated into this Agreement by reference and made a part hereof.

ARTICLE THIRTEEN: INDEMNIFICATION

13 01 **General Indemnity.** Developer agrees to indemnify, pay and hold the City, and its elected and appointed officials, employees, agents and affiliates (individually an "**Indemnitee**," and collectively the "**Indemnitees**") harmless from and against, any and all liabilities, obligations, losses, damages (arising out of a third party action against the City), penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever, (and including, without limitation, the reasonable fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnitees shall be designated a party thereto), that may be imposed on, suffered, incurred by or asserted against the Indemnitees by a third party in any manner relating to or arising out of

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

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

ARTICLE FOURTEEN: MAINTAINING RECORDS/RIGHT TO INSPECT

14.01 **Books and Records.** Developer shall keep and maintain separate, complete, accurate and detailed books and records necessary to reflect and fully disclose the total actual costs of the Project and the disposition of all funds from whatever source allocated thereto, and to monitor the Project. All such books, records and other documents, including but not limited to Developer's loan statements, if any, General Contractors' and contractors' sworn statements, general contracts, subcontracts, purchase orders, waivers of lien, paid receipts and invoices, shall be available at Developer's offices for inspection, copying, audit and examination by an authorized representative of the City, at Developer's expense. Developer will not pay for salaries or fringe benefits of auditors or examiners. Developer 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.** Upon 3 Business Days notice, any authorized representative of the City will have access to all portions of the Project and the Building (other than space leased by tenants) during normal business hours for the Term of the Agreement.

ARTICLE FIFTEEN: DEFAULT AND REMEDIES

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

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

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

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

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

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

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

(g) the entry of any judgment or order against Developer for an amount in excess of \$10 million which remains unsatisfied or undischarged and in effect for 60 days after such entry without a stay of enforcement or execution,

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

(i) the dissolution of Developer or the death of any natural person who owns a material interest in Developer, or

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

For purposes of Sections 15 01(i) and 15 01(j) hereof, a natural person with a material interest in Developer is one owning in excess of thirty-three percent (33%) of Developer's issued and outstanding ownership shares or interests

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

15 03 **Curative Period.**

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

(b) In the event Developer fails to perform a non-monetary covenant which Developer is required to perform under this Agreement, an Event of Default will not be deemed to have occurred unless Developer has failed to cure such default within 30 days of its receipt of a written notice from the City specifying the nature of the default, provided, however, with respect to those non-monetary defaults which are not capable of being cured within such 30 day period, Developer will not be deemed to have committed an Event of Default under this Agreement if it has commenced to cure the alleged default within such 30 day period and thereafter diligently and continuously prosecutes the cure of such default until the same has been cured provided, further, that for the failure of Developer to comply with the terms of Section 4 03, this Section 15 03 will not provide any additional cure period beyond any cure period set forth in Section 4 03

ARTICLE SIXTEEN: MORTGAGING OF THE PROJECT

16 01 **Mortgaging of the Project.** Any and all mortgages or deeds of trust in place as of the date hereof with respect to the Building or any portion thereof, and any other liens with respect to Lender Financing are listed on Exhibit H 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 Developer may hereafter elect to execute and record or execute and permit to be recorded against the Property or any portion thereof without obtaining the prior written consent of the City is referred to herein as a "**New Mortgage** ". Any mortgage or deed of trust that Developer may hereafter elect to execute and record or execute and 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 Developer as follows

(a) If a mortgagee or any other party shall succeed to Developer's interest in the Building or any portion thereof by the exercise of remedies under a mortgage or deed of trust (other than an Existing Mortgage or a Permitted Mortgage) whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of Developer's interest hereunder in accordance with Section 18 15 hereof, the City may, but shall not be obligated to, attorn to and recognize such party as the successor in interest to Developer for all purposes under this Agreement and, unless so recognized by the City as the successor in interest, such party 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) Notwithstanding any provision in this Agreement to the contrary, the exercise of the remedies of foreclosure of a mortgage or any sale of Developer's interest in the Building in connection with a foreclosure, whether by judicial proceedings or by virtue of any power of sale contained in the mortgage, or any conveyance of Developer's interest in the Building to the mortgagee or its nominee or designee by virtue of or in lieu of foreclosure or other appropriate proceedings, or any conveyance of Developer's interest in the Building by the mortgagee or its nominee or designee, or any other exercise of remedies under the documents evidencing Lender Financing shall not require the consent or approval of the City or constitute a breach of any provision of or a default under this Agreement

(c) If any mortgagee or any other party shall succeed to Developer's interest in the Building or any portion thereof by the exercise of remedies under an Existing Mortgage or a Permitted Mortgage, whether by foreclosure or deed in lieu of foreclosure or any party shall succeed to the ownership interest in Developer in connection with Lender Financing, and in conjunction therewith accepts an assignment of Developer'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 Developer for all purposes under this Agreement so long as such party accepts all of the executory obligations and liabilities of "Developer" hereunder, and expressly agrees to comply with all applicable City ordinances; provided, however, that, notwithstanding any other provision of this Agreement to the contrary, it is understood and agreed that if such party accepts an assignment of Developer's interest under this Agreement, such party shall have no liability under this Agreement for any Event of Default of Developer which occurred prior to the time such party succeeded to the interest of Developer under this Agreement, in which case Developer shall be solely responsible. However, if such mortgagee under a Permitted Mortgage or an Existing Mortgage does not expressly accept an assignment of Developer's interest hereunder, such party 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

(d) Prior to the issuance by the City to Developer of a Certificate under Article Seven hereof, no New Mortgage shall be executed with respect to the Building or any portion thereof without the prior written consent of the Commissioner of DPD. After the issuance of a Certificate, consent of the Commissioner of DPD is not required for any such New Mortgage

ARTICLE SEVENTEEN: NOTICES

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

If to the City	City of Chicago Department of Planning and Development Attn. Commissioner 121 North LaSalle Street, Room 1000 Chicago, IL 60602 312/744-4190 (Main No) 312/744-2271 (Fax)
With Copies To	City of Chicago Corporation Counsel Attn: Finance and Economic Development Division 121 North LaSalle Street, Room 600 Chicago, IL 60602 312/744-0200 (Main No.) 312/744-8538 (Fax)
If to Developer	550 Jackson Associates Limited Liability Company c/o Mark Goodman & Associates, Inc Attn Mark Goodman 737 North Michigan Avenue, Suite 2350 Chicago, Illinois 60611 312/280-8030 (Main No) 312/280-7998 (Fax)

With Copies To: Richard F Klawiter, Esq
Gregg S, Graines, Esq
Piper Rudnick LLP
203 North LaSalle Street
Suite 1800
Chicago, Illinois 60601
312/368-4000 (Main No)
312/236-7516 (Fax)

With Copies To UBS Real Estate Investments Inc
1285 Avenue of the Americas
11th Floor
New York, New York 10019
Attention Andrew B Cohen
Facsimile No (212) 713-4631

and to: Attention. Pamela McCormack, Esq
Facsimile No (212) 713-1153

and to Kaye Scholer LLP
425 Park Avenue
New York, New York 10022
Attention. Stephen Ghatta, Esq
Facsimile No (212) 836-7156

With Copies To MONY/Transwestern Mezzanine Realty
Partners II, L L C.
c/o MONY Realty Capital, Inc
233 South Wacker Drive, Suite 9390
Chicago, Illinois 60606
Attention: Mark Witt
Fax (312) 739-1175

and to MONY/Transwestern Mezzanine Realty
Partners II, L L C
c/o MONY Realty Capital, Inc.
10475 Park Meadows Drive, Suite 500
Littleton, Colorado 80124
Attention Mortgage Loan Servicing
Fax (303) 325-1048

or at such other address or telecopier/fax or telephone number or to the attention of such other person as the party to whom such information pertains may hereafter specify for the purpose in a

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

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

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

ARTICLE EIGHTEEN: ADDITIONAL PROVISIONS

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

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

18.03 **Limitation of Liability.** No member, elected or appointed official or employee or agent of the City shall be individually, collectively or personally liable to Developer or any successor in interest to Developer in the event of any default or breach by the City or for any

amount which may become due to Developer or any successor in interest, from the City or on any obligation under the terms of this Agreement

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

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

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

18 07 **Parties in Interest/No Third Party Beneficiaries.** The terms and provisions of this Agreement are binding upon and inure to the benefit of, and are enforceable by, the respective successors and permitted assigns of the parties hereto. This Agreement will not run to the benefit of, or be enforceable by, any person or entity other than a party to this Agreement and its successors and permitted assigns. This Agreement should not be deemed to confer upon third parties any remedy, claim, right of reimbursement or other right. Nothing contained in this Agreement, nor any act of the City or the Developer, will be deemed or construed by any of the parties hereto or by third persons, to create any relationship of third party beneficiary, principal, agent, limited or general partnership, joint venture, or any association or relationship involving the City or Developer.

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

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

18.10 **Counterpart Facsimile Execution.** For purposes of executing this Agreement, a document signed and transmitted by facsimile machine shall be treated as an original document. The signature of any party thereon shall be considered as an original signature, and the document transmitted shall be considered to have the same binding legal effect as an original signature on an original document. At the request of either party, any facsimile document shall be re-executed by other parties in original form. No party hereto may raise the use of a facsimile machine as a defense to the enforcement of this Agreement or any amendment executed in compliance with this section. This section does not supercede the requirements of Article Seventeen: Notices

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

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

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

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

18.15 **Assignment.** Prior to the issuance by the City to Developer of a Certificate, Developer may not sell, assign or otherwise transfer its interest in this Agreement or the Notes in whole or in part without the written consent of the City, provided, however, that Developer may assign, on a collateral basis, the right to receive City Funds under the Notes to a lender providing Lender Financing which has been identified to the City as of the Closing Date (or sell either or both of the Notes to such lender or lenders). Notwithstanding the issuance of such Certificate, any successor in interest to Developer under this Agreement will certify in writing to the City its agreement to abide by all remaining executory terms of this Agreement, including but not limited to Section 8.18 (Real Estate Provisions) and Section 8.23 (Survival of Covenants) hereof, for the Term of the Agreement. Developer hereby consents to the City's transfer, assignment or other disposal of this Agreement at any time in whole or in part.

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

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

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

18.19 **Business Economic Support Act.** Under the Business Economic Support Act (30 ILCS 760/1 et seq 2002 State Bar Edition, as amended), if Developer is required to provide notice under the WARN Act, Developer will, in addition to the notice required under the WARN Act, provide at the same time a copy of the WARN Act notice to the Governor of the State, the Speaker and Minority Leader of the House of Representatives of the State, the President and Minority Leader of the Senate of State, and the Mayor of each municipality where Developer has locations in the State. Failure by Developer to provide such notice as described above may result in the termination of all or a part of the payment or reimbursement obligations of the City set forth herein.

18.20 **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.

18.21 **Construction of Words.** The use of the singular form of any word herein includes the plural, and vice versa. Masculine, feminine and neuter pronouns are fully

interchangeable, where the context so requires. The words “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision. The term “include” (in all its forms) means “include, without limitation” unless the context clearly states otherwise. The word “shall” means “has a duty to”.

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

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

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

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

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


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

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

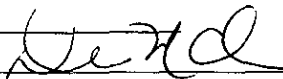
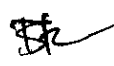
550 JACKSON ASSOCIATES LIMITED LIABILITY COMPANY a Delaware Limited Liability Company

By: 550 Jackson Associates Limited Partnership, an Illinois limited partnership, its sole member

By: 550 Jackson Corp., an Illinois corporation, its sole general partner

By. 
Mark A. Goodman, President

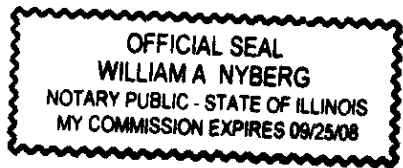
CITY OF CHICAGO

By ,
Commissioner, 
Department of Planning and
Development

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

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

GIVEN under my hand and official seal this 16th day of December, 2004.



William A. Nyberg
Notary Public

My Commission Expires 09/25/08

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

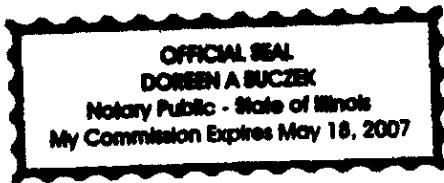
I, Doreen A Buczek, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Mark A. Goodman _____, personally known to me to be the President of 550 Jackson Corp , an Illinois corporation which is the sole general partner of 550 Jackson Associates Limited Partnership, an Illinois limited partnership, which is the sole member of 550 Jackson Associates Limited Liability Company, a Delaware limited liability company (the "L L C."), 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 general partner of the sole member of the L L C , as his free and voluntary act and as the free and voluntary act of the L L C , for the uses and purposes therein set forth

GIVEN under my hand and official seal this 16th day of November, 2004

Doreen A Buczek
Notary Public

My Commission Expires 5/18/07

(SEAL)



550 JACKSON ASSOCIATES LIMITED LIABILITY COMPANY

Redevelopment Agreement
dated as of December 11, 2004

SCHEDULE A

DEFINITIONS

For purposes of this Agreement the following terms shall have the meanings stated forth below

"**Act**" has the meaning defined in Recital B

"**Actual Residents of the City**" has the meaning defined for such phrase in Section 10 02

"**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 person 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

"**Agreement**" has the meaning defined in the Agreement preamble

"**Available Incremental Taxes**" means an amount equal to the Incremental Taxes (as defined below) in the Canal/Congress Redevelopment Project Area TIF Fund (as defined below) attributable to the taxes levied on the Building, using the year 1997 as a base year for equalized assessed valuation

"**Available Project Funds**" has the meaning defined for such phrase in Section 5 16

"**Building**" has the meaning defined in Recital D

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

"**Canal/Congress Redevelopment Project Area TIF Fund**" means the special tax allocation fund created by the City in connection with the Redevelopment Area into which the Incremental Taxes (as defined below) will be deposited

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

"Certificate of Expenditure(s)" means the certificates, in the form of Exhibit M-1 and M-2 hereto, issued by the City to increase respectively the principal amount of Note 1 and Note 2

"Change Order" means any amendment or modification to the Scope Drawings, the Plans and Specifications, or the Project Budget (all as defined below) and described in Section 3 02, Section 3 03 and Section 3 04, respectively

"City" has the meaning defined in the Agreement preamble

"City Contract" has the meaning defined in Section 8 01(l).

"City Council" means the City Council of the City of Chicago as defined in Recital C

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

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

"Construction Contract" means that certain contract, dated as of January 15, 1999 entered into between Developer and the General Contractor (as defined below) providing for construction of the Project together with any modifications, amendments or supplements thereto

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

"Department" has the meaning defined in Section 8 08.

"Developer" has the meaning defined in the Agreement preamble

"DPD" has the meaning defined in the Agreement preamble

"Employer(s)" has the meaning defined in Section 10 01.

"Environmental Laws" means any and all Federal, State or local statutes, laws, regulations, ordinances, codes, rules, orders, licenses, judgments, decrees or requirements relating to public health and safety and the environment now or hereafter in force, as amended and hereafter amended, including but not limited to: (i) the Comprehensive Environmental Response, Compensation and Liability Act (42 U S C Section 9601 et seq.); (ii) any so-called "Superfund" or "Superlien" law; (iii) the Hazardous Materials Transportation Act (49 U S C Section 1802 et seq.); (iv) the Resource Conservation and Recovery Act (42 U S C Section 6902

et seq); (v) the Clean Air Act (42 U.S.C. Section 7401 et seq), (vi) the Clean Water Act (33 U.S.C. Section 1251 et seq.), (vii) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq), (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq); (ix) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq); and (x) the Municipal Code of Chicago (as defined below)

"Equity" means funds of Developer (other than funds derived from Lender Financing (as defined below)) irrevocably available for the Project, in the amount stated in Section 4 01 hereof, which amount may be increased under Section 4 05 (Cost Overruns)

"Event of Default" has the meaning defined in Section 15 01.

"Existing Mortgages" has the meaning defined in Section 16.01.

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

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

"Governmental Charge" has the meaning defined in Section 8 18

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

"Human Rights Ordinance" has the meaning defined in Section 10 01.

"IEPA" has the meaning defined in Section 5 13

"In Balance" has the meaning defined for such phrase defined in Section 5 16

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

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

"IT-Industry" has the meaning defined in Recital D.

"IT-Industry tenants" has the meaning defined in Exhibit F.

"Lender Financing" means funds borrowed by Developer from lenders, or funds borrowed by Developer's sole member in connection with the Building refinancing, operations of the Building or commercial rental activity at the Building

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

"MBE/WBE Program" has the meaning defined in Section 10.03

"MCI" has the meaning defined in Recital D

"Minimum Assessed Value" has the meaning defined in Section 8.18(c)(1).

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

"New Mortgage" has the meaning defined in Section 16.01

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

"Notes" means Note 1 and Note 2, or if only Note 1 or Note 2 is issued and outstanding, then Note 1 or Note 2, as applicable

"Note 1" means the City of Chicago Tax Increment Allocation Revenue Note R-1 (550 West Jackson Redevelopment Project), Series A to be in the form attached hereto as Exhibit M-1 in the maximum principal amount of \$5,000,000 to be issued by the City to Developer on the Closing Date. Note 1 shall bear interest at an annual rate of the Prime Rate plus 0.50 per annum (but in no event greater than 9.0%), and shall provide for accrued, but unpaid interest to bear interest at the same annual rate as of each February 1. The payment of the amounts due under Note 1 shall be secured only by the Available Incremental Taxes, and Note 1 shall have a term ending on the earlier to occur of (i) the end of the Term of the Agreement or (ii) the date on which the Redevelopment Area is no longer in existence

"Note 2" means the City of Chicago Tax Increment Allocation Revenue Note R-2 (550 West Jackson Redevelopment Project), Series A to be in the form attached hereto as Exhibit M-2 in the maximum principal amount of \$2,500,000 to be issued by the City to Developer on the Closing Date. Note 2 shall bear interest at an annual rate of the Prime Rate plus 0.50 per annum (but in no event greater than 9 0%), and shall provide for accrued, but unpaid interest to bear interest at the same annual rate as of each February 1. The payment of the amounts due under Note 2 shall be secured only by the Available Incremental Taxes (subject to the prior payment of Note 1), and Note 2 shall have a term ending on the earlier to occur of (i) the end of the Term of the Agreement or (ii) the date on which the Redevelopment Area is no longer in existence

"Permitted Liens" means those liens and encumbrances against the Building and/or the Project stated in Exhibit H.

"Permitted Mortgage" has the meaning defined in Section 16.01.

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

"Prime Rate" means the rate of interest in effect from time to time reported by the Federal Reserve on commercial bank loans to the best and most credit-worthy business loan customers

"Prior Expenditure(s)" has the meaning defined in Section 4.04(a)

"Project" has the meaning defined in Recital D

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

"Public Benefits Program" has the meaning defined in Section 8.20.

"Redevelopment Area" means the redevelopment project area as legally described in Exhibit A

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

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

"State" means the State of Illinois as defined in Recital A

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

"Term of the Agreement" means the period of time commencing on the Closing Date and ending on December 31, 2022, being the end date for tax collections applicable to the 23rd year from the date of the Canal/Congress TIF Ordinances.

"TIF Adoption Ordinance" has the meaning stated in Recital C

"TIF Bonds" has the meaning defined for such term in Recital F

"TIF Bond Ordinance" has the meaning stated in Recital F.

"TIF Bond Proceeds" has the meaning stated in Recital F.

"TIF Ordinances" has the meaning stated in Recital C

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

"Title Company" means Fidelity National Title Insurance Company

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

"Under Assessment Complaint" has the meaning set forth in Section 8 18(c)(iv)

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

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

550 JACKSON ASSOCIATES LIMITED LIABILITY COMPANY

Redevelopment Agreement
dated as of December 16, 2004

SCHEDULE B

ARTICLE TWELVE: INSURANCE REQUIREMENTS

12 01 **Insurance** Developer will provide and maintain, or cause to be provided and maintained, at Developer's own expense, during the Term of this Agreement, the insurance coverages 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 Insurance

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

(ii) Commercial General Liability Insurance (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 is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from the work

(b) Construction. Prior to the construction of any portion of the Project, Developer will cause its architects, contractors, sub-contractors, 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 Insurance

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

(ii) Commercial General Liability Insurance (Primary and Umbrella)

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

(iii) Automobile Liability Insurance (Primary and Umbrella)

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

(iv) Railroad Protective Liability Insurance

When any work is to be done adjacent to or on railroad or rail transit property, contractor must provide, or cause to be provided with respect to the operations that the contractor performs, 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 Insurance

When the contractor undertakes any construction, including improvements, betterments, and/or repairs, Developer must cause each contractor to provide, or cause to be provided All Risk Blanket Builders Risk Insurance at replacement cost for materials, supplies, equipment, machinery and fixtures that are or will be part of the Project Coverages shall include but are not limited to the following. collapse, boiler and machinery if applicable, flood including surface water backup. The City will be named as an additional insured and loss payee.

(vi) Professional Liability

When any architects, engineers, construction managers or other professional consultants perform work in connection with this Agreement, Developer must cause such parties to maintain Professional Liability Insurance covering acts, errors, or omissions which shall 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 performed in connection with this Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of 2 years.

(vii) Valuable Papers Insurance

When any plans, designs, drawings, specifications and documents are produced or used under this Agreement by Developer's architects, contractors, sub-contractors, project managers and other parties constructing the Project, Developer will cause such parties to maintain Valuable Papers Insurance which must be maintained in an amount to insure against any loss whatsoever, and which must have limits sufficient to pay for the re-creations and reconstruction of such records.

(viii) Contractor's Pollution Liability

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

(c) Other Insurance Required.

- (i) Prior to the execution and delivery of this Agreement and during construction of the Project, All Risk Property Insurance in the amount of the full replacement value of the Building. The City is to be named as an additional insured.
- (ii) Post-construction, throughout the Term of the Agreement, All Risk Property Insurance, including improvements and betterments in the

amount of full replacement value of the Building site Coverage extensions shall include business interruption/loss of rents, flood and boiler and machinery, if applicable The City is to be named as an additional insured

(d) Other Requirements

- (i) Developer will furnish the City of Chicago, Department of Planning and Development, City Hall, Room 1000, 121 North LaSalle Street, Chicago, Illinois 60602, original Certificates of Insurance evidencing the required coverage to be in force on the date of this Agreement, and Renewal Certificates of Insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the Term of this Agreement. Developer will submit evidence of insurance on the City Insurance Certificate Form or commercial equivalent prior to closing. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all Agreement requirements. The failure of the City to obtain certificates or other insurance evidence from Developer must not be deemed to be a waiver by the City Developer will advise all insurers of the Agreement provisions regarding insurance Non-conforming insurance will not relieve Developer of the obligation to provide insurance as specified herein Nonfulfillment of the insurance conditions may constitute a violation of the Agreement, and the City retains the right to terminate this Agreement until proper evidence of insurance is provided
- (ii) The insurance will provide for 60 days prior written notice to be given to the City in the event coverage is substantially changed, canceled, or non-renewed.
- (iii) Any and all deductibles or self insured retentions on referenced insurance coverages are borne by Developer.
- (iv) Developer agrees that insurers must waive rights of subrogation against the City, its employees, elected officials, agents, or representatives.
- (v) Developer expressly understands and agrees that any coverages and limits furnished by Developer will in no way limit Developer's liabilities and responsibilities specified within the Agreement documents or by law
- (vi) Developer expressly understands and agrees that Developer's insurance is primary and any insurance or self insurance programs maintained by the

City will not contribute with insurance provided by Developer under the Agreement.

- (vii) The required insurance will not be limited by any limitations expressed in the indemnification language herein or any limitation placed on the indemnity therein given as a matter of law.
- (viii) Developer will require its general contractor and all subcontractors to provide the insurance required herein or Developer may provide the coverages for the contractor or subcontractors. All contractors and subcontractors will be subject to the same requirements of Developer unless otherwise specified herein.
- (ix) If Developer, contractor or subcontractor desires additional coverages, Developer, contractor and each subcontractor will be responsible for the acquisition and cost of such additional protection.
- (x) The City Risk Management Department maintains the right to modify, delete, alter or change these requirements, so long as such action does not, without Developer's written consent, increase such requirements.

**550 JACKSON ASSOCIATES LIMITED LIABILITY COMPANY
REDEVELOPMENT AGREEMENT
LIST OF SCHEDULES AND EXHIBITS**

Schedules

Schedule A	Definitions
Schedule B	Insurance Requirements

Exhibits

Exhibit A	*Redevelopment Area Legal Description
Exhibit B	*Legal Description of the Building
Exhibit C	Redevelopment Plan
Exhibit D-1	*Project Budget
Exhibit D-2	*Construction (MBE/WBE) Budget
Exhibit E	TIF-Funded Improvements
Exhibit F	IT-Industry Tenants
Exhibit G	Approved Prior Expenditures
Exhibit H	Permitted Liens
Exhibit I	Opinion of Developer's Counsel
Exhibit J	*Preliminary TIF Projection -- Real Estate Taxes
Exhibit K	Form of Bond (Intentionally Omitted)
Exhibit L	Public Benefits Program
Exhibit M-1	Form of Note 1 and related Certificate of Expenditure
Exhibit M-2	Form of Note 2 and related Certificate of Expenditure

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

550 JACKSON ASSOCIATES LIMITED LIABILITY COMPANY

Redevelopment Agreement
dated as of December 16, 2004

EXHIBIT A

REDEVELOPMENT AREA LEGAL DESCRIPTION

A legal description of the Redevelopment Area is attached to this exhibit cover sheet

Note The legal description of the Redevelopment Area is described in an exhibit to the ordinance approving the Redevelopment Plan on November 12, 1998 as corrected by Amendment No 1 to the Redevelopment Plan adopted June 19, 2002.

Public Act 92-263 also provides in Section 11-74.4-5(c) that:

Changes which do not (1) add additional parcels of property to the proposed redevelopment project area, (2) substantially affect the general land uses proposed in the redevelopment plan, (3) substantially change the nature of the redevelopment project, (4) increase the total estimated redevelopment project cost set out in the redevelopment plan by more than five percent (5%) after adjustment for inflation from the date the plan was adopted, (5) add additional redevelopment project costs to the itemized list of redevelopment project costs set out in the redevelopment plan, or (6) increase the number of low- or very low-income households to be displaced from the redevelopment project area, provided that measured from the time of creation of the redevelopment project area the total displacement of the households will exceed ten (10), may be made without further hearing, provided that the municipality shall give notice of any such changes by mail to each affected taxing district and registrant on the interested parties registry, provided for under Section 11-74.4-4.2, and by publication in a newspaper of general circulation within the affected taxing district. Such notice by mail and by publication shall each occur not later than ten (10) days following the adoption by ordinance of such changes.

The City is making the following change in order to clarify a discrepancy between the Equalized Assessed Valuation (E.A.V.) list and the Maps of the Plan, and the legal description, where parcels of land on the north side of Jackson Boulevard between Jefferson and Clinton are shown on the Maps and listed on the E.A.V. list, but are not included in the legal description. The following text in italics is inserted, and the text in brackets is deleted:

thence south along said east line of Jefferson Street to the north line of *Quincy* [Jackson] Street;

thence east along said north line of [Jackson] *Quincy* Street to the west line of Clinton Street;

06/19/02 CORRECTION
TO LEGAL DESCRIPTION

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

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

Adopted October 13, 1998.

[(Sub)Exhibit "A" referred to in this Resolution 98-CDC-136 constitutes Exhibit "D" to the ordinance and is printed on page 81974 of this Journal]

Exhibit "C"
(To Ordinance)

Legal Description Of Project Boundary.

Beginning at the point of intersection of the south line of Harrison Street and the west line of Clinton Street; thence north along the west line of Clinton Street to the easterly extension of the north line of the south 9.40 feet of Lot 24 in the subdivision of Block 53 in School's Section Addition to Chicago in the east half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian, thence east along said easterly extension and the north line of the south 9.40 feet of Lot 24 in the subdivision of Block 53 in School's Section Addition to Chicago to a line 113 feet east of and parallel with the east line of Clinton Street; thence north along said line 113 feet east of and parallel with the east line of Clinton Street to the south line of Van Buren Street; thence west along said south line of Van Buren Street to the west line of Clinton Street; thence north along said west line of Clinton Street to the north line of Lot 12 in Gordon S. Hubbard's Subdivision of Blocks 45 and 52 of School Section Addition to Chicago in the east half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian; thence west along said north line of Lot 12 in Gordon S. Hubbard's Subdivision to the west line thereof; thence south along said west line of Lot 12 in Gordon S. Hubbard's Subdivision and the southerly extension thereof to the south line of Van Buren Street; thence west along said south line of Van Buren Street to the east line of Jefferson Street; thence south along said east line of Jefferson Street to the easterly extension of the north line of the south 24 feet of Lot 7 in the subdivision of Block 30 in School's Section Addition to Chicago in the west half of the

11/12/98 Redevelopment
PROJECT AREA legal
DESCRIPTION AS CORRECTED
06/19/02

northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian, said easterly extension of the north line of the south 24 feet of Lot 7 being also the south line of Congress Parkway, thence west along said south line of Congress Parkway to the west line of Desplaines Street, thence north along said west line of Desplaines Street to the north line of Lots 17, 18 and 19 in G F Blanchard's Subdivision of Block 20 in School Section Addition to Chicago in the west half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian, said north line of Lots 17, 18 and 19 being also the south line of Tilden Street; thence west along said south line of Tilden Street to the southerly extension of the east line of the west 1 foot of Lot 14 in said G F Blanchard's Subdivision of Block 20 in School Section Addition to Chicago, thence north along said southerly extension and the east line of the west 1 foot of Lot 14 in said G F Blanchard's Subdivision of Block 20 in School Section Addition to Chicago to the north line of said Lot 14, thence west along said north line of Lot 14 and along the south line of Lots 4 and 5 in said G. F Blanchard's Subdivision of Block 20 in School Section Addition to Chicago to the west line of said Lot 5; thence north along the west line of said Lot 5 to the south line of Van Buren Street; thence west along said south line of Van Buren Street to the southerly extension of the east line of the west 28.75 feet of Lot 14 in the subdivision of Block 21 in School Section Addition to Chicago in the west half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian; thence north along said southerly extension and the east line of the west 28 75 feet of Lot 14 in the subdivision of Blocks 4 and 21 in School Section Addition to Chicago and the northerly extension thereof to the north line of Gladys Avenue; thence east along said north line of Gladys Avenue to the west line of Desplaines Street, thence north along said west line of Desplaines Street to the westerly extension of the south line of the northerly 20.08 feet of Lot 5 in the subdivision of Block 28 in School Section Addition to Chicago in the west half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian; thence east along said westerly extension and the south line of the northerly 20.08 feet of Lot 5 in the subdivision of Block 28 in School Section Addition to Chicago to the east line of said Lot 5, said east line of Lot 5 being also the west line of the alley east of Desplaines Street, thence north along said west line of the alley east of Desplaines Street to the south line of the north 7.55 feet of Lot 5 in the subdivision of Lots 8 through 16, inclusive, in the subdivision of the west half of Block 27 in School Section Addition to Chicago in the west half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian, said south line of the north 7.55 feet of Lot 5 in the subdivision of Lots 8 through 16, inclusive, in the subdivision of the west half of Block 27 in School Section Addition to Chicago being also the north line of the alley north of Jackson Boulevard; thence west along said north

line of the alley north of Jackson Boulevard and the westerly extension thereof to the west line of Desplaines Street, thence north along said west line of Desplaines Street to the north line of Lot 5 in Block 23 in School Section Addition to Chicago in the west half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian, said north line of Lot 5 being also the south line of Marble Place, thence west along said south line of Marble Place to the southerly extension of the east line of Lot 3 in said Block 23 in School Section Addition to Chicago, thence north along said southerly extension and the east line of Lot 3 in said Block 23 in School Section Addition to Chicago to the south line of Monroe Street; thence west along said south line of Monroe Street to the southerly extension of the west line of the east 1.43 feet of Lot 7 in Block 24 in School Section Addition to Chicago; thence north along said southerly extension and the west line of the east 1.43 feet of Lot 7 in Block 24 in School Section Addition to Chicago and the northerly extension thereof to a line 9 feet north of and parallel to the north line of said Lot 7; thence west along said line 9 feet north of and parallel to the north line of said Lot 7 to the southerly extension of the west line of the east 26.81 feet of Lot 2 in said Block 24 in School Section Addition to Chicago, thence north along said southerly extension and the west line of the east 26.81 feet of Lot 2 in said Block 24 in School Section Addition to Chicago to the south line of Madison Street; thence west along said south line of Madison Street to the southerly extension of the west line of Lot 15 in Block 70 in Canal Trustee's Subdivision of lots and blocks in the southwest quarter of Section 9, Township 39 North, Range 14 East of the Third Principal Meridian; thence north along said southerly extension and the west line of Lot 15 in Block 70 in Canal Trustee's Subdivision and the northerly extension thereof to the north line of Warren Avenue; thence east along said north line of Warren Avenue to the east line of Desplaines Street; thence south along said east line of Desplaines Street to the north line of Monroe Street; thence east along said north line of Monroe Street to the west line of Clinton Street; thence south along said west line of Clinton Street to the south line of the north 1.92 feet of Lot 4 in Charles Wesencraft's Subdivision of Lots 3, 4, 5 and 6 in Block 47 of School Section Addition to Chicago in the east half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian; thence west along said south line of the north 1.92 feet of Lot 4 in Charles Wesencraft's Subdivision to the west line of said Lot 4; thence south along said west line of Lot 4 in Charles Wesencraft's Subdivision and along the west line of Lots 5 and 6 in said Charles Wesencraft's Subdivision to the south line of said Lot 6; thence east along said south line of said Lot 6 in Charles Wesencraft's Subdivision to the west line of Clinton Street; thence south along said west line of Clinton Street to the north line of the south 38.9 feet of Lot 8 in said Charles Wesencraft's Subdivision; thence west along said north line of the south 38.9 feet of Lot

8 in said Charles Wesencraft's Subdivision to the west line of said Lot 8, thence south along said west line of said Lot 8 in Charles Wesencraft's Subdivision to the north line of Adams Street; thence west along said north line of Adams Street to the east line of Lot 7 in W B Egan's Subdivision of Lots 7 and 8 in Block 47 of School Section Addition to Chicago in the east half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian, thence north along said east line of Lot 7 in W B. Egan's Subdivision to the north line thereof; thence west along said north line of Lot 7 and along the north line of Lots 8 and 9 in said W B Egan's Subdivision and along the westerly extension of the north line of Lots 7, 8 and 9 in said W B Egan's Subdivision to the west line of Jefferson Street, thence north along said west line of Jefferson Street to the north line of Lot 5 in Block 26 in School Section Addition to Chicago in the east half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian; thence west along said north line of Lot 5 in Block 26 in School Section Addition to Chicago to the west line of said Lot 5, thence south along said west line of said Lot 5 to the north line of Adams Street; thence east along said north line of Adams Street to the east line of Jefferson Street; thence south along said east line of Jefferson Street to the north line of ~~Jackson~~ ^{QUINCY} Street, thence east along said north line of ~~Jackson~~ ^{QUINCY} Street to the west line of Clinton Street; thence north along said west line of Clinton Street to the north line of Adams Street; thence east along said north line of Adams Street to the east line of Canal Street, thence south along said east line of Canal Street to a point 116 45 feet north of the north line of Jackson Boulevard as measured along the west line of Lot 6 in the subdivision of Block 46 of the School Section Addition to Chicago in the east half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian; thence east along a straight line to a point on the east line of said Lot 6 which is 121 21 feet northerly from the north line of Jackson Boulevard as measured along said east line of Lot 6; thence east along a straight line to a point on the east line of Lot 5 in said subdivision of Block 46 of the School Section Addition to Chicago which is 121.88 feet northerly from the north line of Jackson Boulevard as measured along said east line of Lot 5, said point on the east line of Lot 5 being also on the westerly channel line of the south branch of the Chicago River; thence southerly along said westerly channel line of the south branch of the Chicago River to the south line of Jackson Street; thence west along said south line of Jackson Street to the east line of Canal Street; thence south along said east line of Canal Street to the north line of Van Buren Street; thence east along said north line of Van Buren Street to the westerly channel line of the south branch of the Chicago River; thence southerly along said westerly channel line of the south branch of the Chicago River to the south line of Harrison Street; thence west along said south line of Harrison Street to the point of beginning. All in the City of Chicago, Cook County, Illinois.

Exhibit "D"
(To Ordinance)

Street Location Of The Project Area.

The Area is generally bounded on the north by West Madison, West Monroe and West Adams Streets, on the south by West Congress Parkway and West Harrison Street; on the east by South Clinton and South Canal Streets and the south branch of the Chicago River; and on the west by the Kennedy Expressway and North Desplaines Street.

DESIGNATION OF CANAL/CONGRESS REDEVELOPMENT
PROJECT AREA AS TAX INCREMENT
FINANCING DISTRICT.

The Committee on Finance submitted the following report:

CHICAGO, November 12, 1998.

To the President and Members of the City Council:

Your Committee on Finance, having had under consideration an ordinance authorizing the designation of the Canal/Congress Tax Increment Financing Redevelopment Area as a redevelopment project area, 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.

(Continued on page 81976)

550 JACKSON ASSOCIATES LIMITED LIABILITY COMPANY

Redevelopment Agreement
dated as of December 16, 2004

EXHIBIT B

LEGAL DESCRIPTION OF THE BUILDING

LOTS 13 AND 14 AND LOT 15 (EXCEPT THE WEST TEN INCHES THEREOF) AND ALL OF LOT 22, 23, AND 24 IN GEORGE SNOW'S SUBDIVISION OF BLOCK 46 IN SCHOOL SECTION ADDITION IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

THIS PROPERTY ALSO DESCRIBED AS

PARCEL "A"

LOTS 13, 14 AND 15 (EXCEPT THE WEST 10 INCHES OF LOT 15) AND ALL OF LOTS 23 AND 24 IN GEORGE W SNOW'S SUBDIVISION OF BLOCK 46, IN THE SCHOOL SECTION ADDITION TO CHICAGO, AND

PARCEL "B"

LOT 22 (EXCEPT THE WEST 28 FEET THEREOF) IN GEORGE W SNOW'S SUBDIVISION OF BLOCK 46 IN THE SCHOOL SECTION ADDITION TO CHICAGO, AND

PARCEL "C"

THE WEST 28 FEET OF LOT 22 IN GEORGE W. SNOW'S SUBDIVISION OF BLOCK 46 IN SCHOOL SECTION ADDITION TO CHICAGO, ALL IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Pin Numbers 17-16-113-002
17-16-113-003 and
17-16-113-009

Volume 591

550 JACKSON ASSOCIATES LIMITED LIABILITY COMPANY

Redevelopment Agreement
dated as of December 16, 2004

EXHIBIT C

REDEVELOPMENT PLAN

A true and correct copy of the Canal/Congress Redevelopment Project Area, Tax Increment Finance Program, Redevelopment Plan and Project dated August 11, 1998, and passed by City Council on November 12, 1998, as amended in Amendment No 1 adopted by City Council on June 19, 2002, and any additional amendments thereto as of the Closing Date is attached to this exhibit cover sheet.

550 JACKSON ASSOCIATES LIMITED LIABILITY COMPANY

Redevelopment Agreement
dated as of December 16, 2004

EXHIBIT D-1

PROJECT BUDGET

A project budget totaling \$78,040,033 is attached to this exhibit cover sheet

550 W. JACKSON BOULEVARD
PROJECT BUDGET

HARD COSTS	
EXISTING BUILDING (MORTGAGE PAYOFF)	\$ 3,524,768
DEMO, ABATEMENT & GARAGE REPAIRS	\$ 1,685,000
BASE BLDG CONSTRUCTION HARD COSTS	\$ 34,344,862
TENANT IMPROVEMENTS	\$ 11,950,000
TOTAL HARD COSTS	\$ 51,504,630
SOFT COSTS	
TENANT DRAWINGS	\$ 250,000
ARCHITECTURAL & ENGINEERING	\$ 1,700,000
SECURITY, LIGHTING & SIGNAGE	\$ 160,000
LEGAL & ACCOUNTING	\$ 600,000
FINANCING FEES (Am Nat & NASI - 200 bps)	\$ 1,075,000
FINANCING FEES (Broker)	\$ 425,000
FINANCING FEES (Lehman - 200 bps)	\$ 305,000
REAL ESTATE TAXES	\$ 400,000
INSURANCE	\$ 160,000
CONTRACTOR'S BOND	\$ 256,000
LEASING COMMISSIONS	\$ 3,950,000
DEVELOPMENT FEES PAID CURRENT	\$ 1,400,000
CONSTRUCTION MANAGEMENT FEE	\$ 272,710
TESTING & REIMBURSABLES	\$ 62,000
INSPECTING ARCHITECT	\$ 100,000
ADVERTISING & PROMOTION	\$ 350,000
CONSTRUCTION SECURITY GUARD	\$ 80,000
OPERATING DEFICIT (Existing Bldg)	\$ 323,000
OPERATING DEFICIT (New Bldg)	\$ 458,021
CONTINGENCIES	\$ 2,922,778
CONSTRUCTION LOAN INTEREST	\$ 9,929,168
AMERICAN NATIONAL BANK ADMIN FEE	\$ 225,000
MEZZANINE LOAN ADMIN FEE	\$ 61,726
PARTNERSHIP DISTRIBUTION TO INVESTORS	\$ 1,070,000
TOTAL SOFT COSTS	\$ 26,535,403
TOTAL BUDGETED COSTS	\$ 78,040,033

550 JACKSON ASSOCIATES LIMITED LIABILITY COMPANY

Redevelopment Agreement
dated as of December 16, 2004

EXHIBIT D-2

CONSTRUCTION (MBE/WBE) BUDGET

A Construction (MBE/WBE) Budget is attached to this cover sheet.

550 W. JACKSON BOULEVARD, CHICAGO, IL
MBE/WBE BUDGET

	Details	Current Budget
DIRECT COSTS		
DEMO, ABATEMENT & GARAGE REPAIR		1,685,000 00
BASE BUILDING CONST HARD COSTS		
Demolition	190,886 00	
Site Demo Allowance	8 000 00	
Excavation Support	49,425 00	
Excavation	78,100 00	
Sheet Piling	58,805 00	
Site Concrete Allowance	100,000 00	
Rigid Pavements Allowance	2,000 00	
Planting Allowance	11 605 00	
Cast In Place Concrete	2 762 331 00	
Reinforcing Material	128,240 00	
Unit Masonry	424 002 00	
Exterior Stonework	549 262 00	
Carpentry - GC	263,572 00	
Millwork	69,998 00	
Bentonite Waterproof - GC	5,529 00	
Bentonite Waterproof	12,471 00	
Spray Fireproofing	576,200 00	
Bituminous Roofing	510,602 00	
Sealants	44,850 00	
Steel Doors & Frames	169,663 00	
Coiling Doors & Grills	21 750 00	
Interior Glass	38,247 00	
Glazed Curtain Wall - GC	4,200 00	
Gypsum Board Systems	1,416,461 00	
Ceramic Tile	181,451 00	
Resilient Flooring	14 977 00	
Paints & Coatings - GC	17,185 00	
Paints & Coatings	88,153 00	
Painting	48,325 00	
Compartments	88,985 00	
F/P Specialties	8 640 00	
Window Wash Allowance	20,000 00	
Accessories Allowance	10,000 00	
Plumbing	933,379 00	
Fire Protection	604,832 00	
Loop Duct	484,000 00	
Electrical	3 416,952 00	
Site Monitoring	10,000 00	
Sidewalk Canopy - GC	223,070 00	
Sidewalk Canopy	18,713 00	
MCI Protection Allowance	231 285 00	
Exterior Stone/Misc Metal Allowance	25,000 00	
Entrance Canopy Allowance - GC	12,753 00	
Entrance Canopy	11,800 00	
Unicom Roof Mods Allowance	14,500 00	
Unicom Plumbing Allowance	10 000 00	
Unicom Fire Protection Allowance	3,500 00	
Unicom Hard Cost Contingency	100,000 00	
Permit Fee Allowance	179,000 00	
Change Orders	19,000 00	
Contingency	198,078 00	
SUB TOTAL BASE BUILDING		14,469,777 00
TENANT IMPROVEMENTS		11 950,000 00
INDIRECT COSTS		
ARCHITECTURAL & ENGINEERING		2,138,802 24
TOTAL USES		30,243,579 24
Total Dollars Required for MBE/WBE Participation		30% 9,073,073 77

550 JACKSON ASSOCIATES LIMITED LIABILITY COMPANY

Redevelopment Agreement
dated as of December 16, 2004

EXHIBIT E

TIF-FUNDED IMPROVEMENTS

A schedule of TIF-Funded Improvements is attached to this exhibit cover sheet

TIF ELIGIBLE EXPENSES

For the Renovation of 550 W Jackson Boulevard That Apply
To the Existing Structure

	Function	Total Cost	TIF Eligible	%
Demo, Abatement, Garage Repair				
Environmental Cleansing Corp	<i>demo & abatement</i>	\$ 1,334,369	\$ 1,334,369	100 00%
Zera Construction Co	<i>garage repair</i>	\$ 364,360	\$ 364,360	100 00%
E Sam Jones Distributor	<i>lighting/maintenance</i>	\$ 14,924	\$ 14,924	100 00%
Door Systems	<i>coiling doors/gniles</i>	\$ 13,600	\$ 13,600	100 00%
Speedy Gonzalez Landscaping	<i>landscaping</i>	\$ 39,000	\$ 39,000	100 00%
Seven-D Construction Co	<i>planter/sidewalk/curb</i>	\$ 61,278	\$ 61,278	100 00%
W E Carlson	<i>loading dock lift</i>	\$ 10,658	\$ 10,658	100 00%
Central Decorating	<i>entrance canopy</i>	\$ 40,710	\$ 40,710	100 00%
Architectoral & Engineering		Total Cost	TIF Eligible	
Anthony Belluschi Architects	<i>architectoral drawings</i>	\$ 1,609,335	\$ 563,267	35 00%
Bain Environmental, Inc	<i>environmental testing</i>	\$ 43,835	\$ 43,835	100 00%
Dickinson Consulting	<i>marketing</i>	\$ 115,000	\$ 115,000	100 00%
d'Escoto, Inc	<i>TIF monitoring</i>	\$ 181,250	\$ 181,250	100 00%
STS Consultants	<i>soil tests</i>	\$ 47,888	\$ 47,888	100 00%
National Survey Co	<i>survey</i>	\$ 21,841	\$ 21,841	100 00%
Cosentini Associates, Inc.	<i>MEP consultant</i>	\$ 47,000	\$ 11,750	25 00%
Levien-Rich Associates, Inc	<i>inspecting architect</i>	\$ 165,964	\$ 41,491	25 00%
Heitman & Associates	<i>curtain wall consultant</i>	\$ 127,496	\$ 31,874	25 00%
Base Building - Interior/Exterior		Total Cost	TIF Eligible	
Ceisel Masonry	<i>unit masonry</i>	\$ 479,060	\$ 479,060	100 00%
Spectrum Stone Group	<i>exterior/interior stone</i>	\$ 570,289	\$ 570,289	100 00%
Budron Excavating	<i>excavation/spoils removal</i>	\$ 61,443	\$ 61,443	100 00%
Thatcher Engineering Corp	<i>earth retention system</i>	\$ 58,805	\$ 58,805	100 00%
Robinette Demolition	<i>interior demolition</i>	\$ 195,633	\$ 195,633	100 00%
Kedmont Waterproofing	<i>bentonite waterproofing</i>	\$ 12,471	\$ 12,471	100 00%
Base Building Reinforcement		Total Cost	TIF Eligible	
Zalk Josephs Fabricators	<i>structural steel fabricator</i>	\$ 2,439,762	\$ 365,964	15 00%
Area Erectors	<i>structural steel erector</i>	\$ 2,008,181	\$ -	0 00%
Rockford Fabricators, Inc	<i>supplier reinforcing steel</i>	\$ 126,894	\$ 31,724	25 00%
Secure Sealants	<i>supplier exterior caulk</i>	\$ 225,000	\$ 56,250	25 00%
TNA Sealants	<i>supplier caulk/sealants</i>	\$ 46,050	\$ 11,513	25 00%
Superior Mechanical Systems	<i>spinkler system</i>	\$ 638,236	\$ 159,559	25 00%
Mitsubishi Electronics	<i>elevators</i>	\$ 2,239,530	\$ 559,883	25 00%
Trainor Glass Co	<i>exterior glass/glazing</i>	\$ 38,427	\$ 9,607	25 00%
Midwesco Mechanical	<i>HVAC</i>	\$ 2,076,390	\$ 519,098	25 00%
Climatemp	<i>supplier sheet metal</i>	\$ 854,980	\$ 213,745	25 00%
Siemens	<i>supplier temp controls</i>	\$ 273,950	\$ 68,488	25 00%
Bruckner	<i>supplier misc equipment</i>	\$ 196,500	\$ 49,125	25 00%

Shell/Core		Total Cost	TIF Eligible	
Power Contracting & Engineering	<i>general contractor</i>	\$ 1,195,044	\$ 298,761	25 00%
Power Construction Co	<i>concrete/formwork</i>	\$ 2,967,777	\$ -	0 00%
Gateway Construction Co	<i>reinforcing steel wire mesh</i>	\$ 163,625	\$ -	0 00%
E W Olson Roofing	<i>bituminous roofing</i>	\$ 545,585	\$ -	0 00%
Skyway Crane Erectors	<i>tower crane</i>	\$ 162,500	\$ -	0 00%
Gurtz Electric	<i>electncal</i>	\$ 2,156,846	\$ 647,054	30 00%
Suppliers	<i>controls, equipment, misc</i>	\$ 1,341,340	\$ 402,402	30 00%
R.G Construction Services	<i>drywall,acoustical ceilings</i>	\$ 1,109,957	\$ 277,489	25 00%
R G Materials & Services	<i>matenal supplier</i>	\$ 335,870	\$ 83,968	25 00%
Spray Insulations	<i>spray fireproofing</i>	\$ 563,050	\$ 140,763	25 00%
Dave's Tile	<i>ceramic tile walls/floors</i>	\$ 180,205	\$ 45,051	25 00%
Ralph H Simpson	<i>supplier metal pans/stairs</i>	\$ 967,269	\$ 241,817	25 00%
Continental Painting & Decorating	<i>painting/drywall</i>	\$ 89,615	\$ 22,404	25 00%
AWALLS	<i>curtain wall erectors</i>	\$ 4,286,838	\$ 1,071,710	25 00%
Gardner Metal Systems	<i>curtain wall supplier</i>	\$ 1,776,327	\$ 444,082	25 00%
Viracon	<i>supplier extenor glass</i>	\$ 704,145	\$ 176,036	25 00%
Baker Metal Products	<i>supplier curtainwall panels</i>	\$ 759,915	\$ 189,979	25 00%
Cordeck Sales	<i>supplier metal decks</i>	\$ 815,902	\$ -	0 00%
A&L Products	<i>supplier steel nuts/bolts</i>	\$ 901,674	\$ 90,167	10 00%
Fine Art Construction	<i>painting/steel coating</i>	\$ 48,325	\$ 12,081	25 00%
USA Hoist	<i>personnel hoist system</i>	\$ 98,288	\$ -	0 00%
Flooring Resources Corp	<i>resilient flooring</i>	\$ 16,727	\$ -	0 00%
Interior Concepts	<i>toilet partitions/accessones</i>	\$ 92,195	\$ 18,439	20 00%
Cecchin Plumbing	<i>plumbing</i>	\$ 661,652	\$ 165,413	25 00%
Suppliers	<i>misc matenal/equipment</i>	\$ 348,596	\$ 87,149	25 00%
Nelson Insulation	<i>insulation</i>	\$ 44,940	\$ 11,235	25 00%
Gilco Scaffolding	<i>sidewalk scaffolding</i>	\$ 21,613	\$ 21,613	100 00%
Pinkus Woodworks Group	<i>millwork</i>	\$ 55,119	\$ 13,780	25 00%
Pro-Bel Enterprises	<i>window washing equipment</i>	\$ 11,500	\$ -	0 00%
Pro-Bel Enterprises	<i>davit arms</i>	\$ 25,365	\$ -	0 00%
La Force Hardware	<i>supplier doors/frames</i>	\$ 168,779	\$ 42,195	25 00%
TOTAL HARD COSTS		\$ 39,396,692	\$ 10,863,337	27 57%

550 JACKSON ASSOCIATES LIMITED LIABILITY COMPANY

Redevelopment Agreement
dated as of December 16, 2004

EXHIBIT F

IT-INDUSTRY TENANTS

A schedule of IT-Industry tenants for the Building is attached to this exhibit cover sheet.

(1) Information Technology (IT) Tenants

The Developer shall use its best efforts to enter into leases with companies in IT industries and IT-providers, IT support industries, and with companies that are specifically "IT-dependent" IT industries and their activities are broadly defined as those whose major activities are among the following computing, software development, Internet services, news media, electronic commerce, electronic business, website development, telecommunications; the study, design, development, implementation, support or management of computer-based information systems, particularly software applications and computer hardware, and computer/computer-related technology schools or training centers These companies' activities typically include, but are not limited to, the following SIC codes

Computer Software and Services

- 7371 Custom software/computer programming services
- 7372 Prepackaged software
- 7373 Computer integrated systems design
- 7374 Data processing and preparation
- 7375 Information retrieval
- 7376 Computer facilities management
- 7377 Computer rental & leasing
- 7378 Computer maintenance and repair
- 7379 Computer consulting, training and support

Telecommunications

- 3861 Telephone and telegraph apparatus
- 3663 Radio & television communications equipment
- 3669 Communications equipment
- 4812 Radio/telephone communications
- 4813 Telephone communications, except radio
- 4899 Communication services

(2) Permitted Non-IT Tenants

The Developer shall be permitted to execute leases with non-IT tenants which provide ancillary functions which may not be listed in the SIC codes above Additionally, the Developer shall be permitted to execute leases with tenants providing critical support for the activities and industries listed above These include, but are not limited to, the following legal, accounting, advocacy, consulting, or marketing services for IT companies IT business associations and chambers of commerce, and such other entities as shall be approved by the Department of Planning and Development (DPD) in its sole discretion Should DPD be requested to authorize approval for a tenant not herein defined, DPD shall give a written response within 7 business days from the time of receiving such a request

550 JACKSON ASSOCIATES LIMITED LIABILITY COMPANY

Redevelopment Agreement
dated as of December 16, 2004

EXHIBIT H

PERMITTED LIENS

1. Liens or encumbrances against the Building (and related real property).
 - a. 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.
 - b. Those matters stated in the attachment to this exhibit sheet
2. Liens or encumbrances against Developer or the Project, other than liens against the Building (and related real property), if any

NONE

Exhibit H**Permitted Liens**

- 1 The land herein lies within the boundaries of a special service area as disclosed by ordinance recorded as Document 91075841, and is subject to additional taxes under the terms of said ordinance and subsequent related ordinances, none are due and payable
- 2 Mortgage, Assignment of Leases and Rents and Security Agreement made by 550 Jackson Associates Limited Liability Company to UBS Real Estate Investments Inc , in the amount of \$78,000,000 00, dated December 16, 2004 and to be recorded in the Cook County Register's Office
- 3 Assignment of Leases and Rents by and between Jackson Associates Limited Liability Company, as assignor, and UBS Real Estate Investments Inc , as assignee, dated December 16, 2004 and to be recorded in the Cook County Register's Office
- 4 Assignment, Pledge and Security Agreement (Partnership Interests in Borrower) dated December 1, 2004, and applicable Uniform Commercial Code Financing Statements from 550 Jackson Corp in favor of MONY/Transwestern Mezzanine Realty Partners II, L L C
- 5 Assignment, Pledge and Security Agreement (Borrower's Sole Membership Interest in Real Estate Owner) dated December 1, 2004 and applicable Uniform Commercial Code Financing Statements from 550 Jackson Associates Limited Partnership in favor of MONY/Transwestern Mezzanine Realty Partners II, L L.C

550 JACKSON ASSOCIATES LIMITED LIABILITY COMPANY

Redevelopment Agreement
dated as of December 16, 2004

EXHIBIT I

OPINION OF DEVELOPER'S COUNSEL

[To be retyped on Developer's Counsel's letterhead]

____, 2004

City of Chicago
City Hall, Room 600
121 North LaSalle Street
Chicago, IL 60602

ATTENTION Corporation Counsel

Ladies and Gentlemen:

We have acted as counsel to 550 Jackson Associates Limited Liability Company, a Delaware limited liability company (the "Developer"), in connection with the construction of certain improvements on 550 W. Jackson Boulevard located in the Canal/Congress Redevelopment Project Area (the "Project") In that capacity, we have examined, among other things, the following agreements, instruments and documents of even date herewith, hereinafter referred to as the "Documents":

(a) 550 Jackson Associates Limited Liability Company Redevelopment Agreement (the "Agreement") of even date herewith, executed by Developer and the City of Chicago (the "City"); and

(b) all other agreements, instruments and documents executed in connection with the foregoing.

In addition to the foregoing, we have examined

(a) the original or certified, conformed or photostatic copies of Developer's (i) Articles of Organization, as amended to date, (ii) qualifications to do business and certificates of good standing in all states in which Developer is qualified to do business, (iii) Operating Agreement, as amended to date, and (iv) records of all company proceedings relating to the Project, and

(b) such other documents, records and legal matters as we have deemed necessary or relevant for purposes of issuing the opinions hereinafter expressed.

In all such examinations, we have assumed the genuineness of all signatures (other than those of Developer), the authenticity of documents submitted to us as originals and conformity to the originals of all documents submitted to us as certified, conformed or photostatic copies

Based on the foregoing, it is our opinion that

1 Developer is a limited liability company duly organized, validly existing and in good standing under the laws of its state of organization, has full power and authority to own and lease its properties and to carry on its business as presently conducted, and is in good standing and duly qualified to do business as a foreign organization under the laws of every state in which the conduct of its affairs or the ownership of its assets requires such qualification, except for those states in which its failure to qualify to do business would not have a material adverse effect on it or its business

2 Developer has full right, power and authority to execute and deliver the Documents to which it is a party and to perform its obligations thereunder. Such execution, delivery and performance will not conflict with, or result in a breach of, Developer's Articles of Organization or Operating Agreement or result in a breach or other violation of any of the terms, conditions or provisions of any law or regulation, order, writ, injunction or decree of any court, government or regulatory authority, or, to the best of our knowledge after diligent inquiry, any of the terms, conditions or provisions of any agreement, instrument or document to which Developer is a party or by which Developer or its properties is bound. To the best of our knowledge after diligent inquiry, such execution, delivery and performance will not constitute grounds for acceleration of the maturity of any agreement, indenture, undertaking or other instrument to which Developer is a party or by which it or any of its property may be bound, or result in the creation or imposition of (or the obligation to create or impose) any lien, charge or encumbrance on, or security interest in, any of its property pursuant to the provisions of any of the foregoing, other than in favor of any lender providing lender financing

3 The execution and delivery of each Document and the performance of the transactions contemplated thereby have been duly authorized and approved by all requisite action on the part of Developer

4 Each of the Documents to which Developer is a party has been duly executed and delivered by a duly authorized officer of Developer, and each such Document constitutes the legal, valid and binding obligation of Developer, enforceable in accordance with its terms, except as limited by applicable bankruptcy, reorganization, insolvency or similar laws affecting the enforcement of creditors' rights generally

5. Exhibit A attached hereto (a) identifies the members of Developer and the number of interests held by each member. To the best of our knowledge after diligent inquiry,

except as set forth on Exhibit A, there are no warrants, options, rights or commitments of purchase, conversion, call or exchange or other rights or restrictions with respect to any of the

membership interests of Developer. Each outstanding membership interests of Developer is duly authorized, validly issued, fully paid and nonassessable.

6 To the best of our knowledge after diligent inquiry, no judgments are outstanding against Developer, nor is there now pending or threatened, any litigation, contested claim or governmental proceeding by or against Developer or affecting Developer or its property, or seeking to restrain or enjoin the performance by Developer of the Agreement or the transactions contemplated by the Agreement, or contesting the validity thereof. To the best of our knowledge after diligent inquiry, Developer is not in default with respect to any order, writ, injunction or decree of any court, government or regulatory authority or in default in any respect under any law, order, regulation or demand of any governmental agency or instrumentality, a default under which would have a material adverse effect on Developer or its business.

7 To the best of our knowledge after diligent inquiry, there is no default by Developer or any other party under any material contract, lease, agreement, instrument or commitment to which Developer is a party or by which the company or its properties is bound.

8 To the best of our knowledge after diligent inquiry, all of the assets of Developer are free and clear of mortgages, liens, pledges, security interests and encumbrances except for those specifically set forth in the Documents.

9 The execution, delivery and performance of the Documents by Developer have not and will not require the consent of any person or the giving of notice to, any exemption by, any registration, declaration or filing with or any taking of any other actions in respect of, any person, including without limitation any court, government or regulatory authority.

10 To the best of our knowledge after diligent inquiry, Developer owns or possesses or is licensed or otherwise has the right to use all licenses, permits and other governmental approvals and authorizations, operating authorities, certificates of public convenience, goods carriers permits, authorizations and other rights that are necessary for the operation of its business.

11 A federal or state court sitting in the State of Illinois and applying the choice of law provisions of the State of Illinois would enforce the choice of law contained in the Documents and apply the law of the State of Illinois to the transactions evidenced thereby.

We are attorneys admitted to practice in the State of Illinois and we express no opinion as to any laws other than federal laws of the United States of America or the laws of the State of Illinois or laws of the State of Delaware relating to limited liability companies.

This opinion is issued at Developer's request for the benefit of the City and its counsel, and may not be disclosed to or relied upon by any other person.

Very truly yours,

By _____

Name: _____

550 JACKSON ASSOCIATES LIMITED LIABILITY COMPANY

Redevelopment Agreement
dated as of December 16, 2004

EXHIBIT J

PRELIMINARY TIF PROJECTION -- REAL ESTATE TAXES

- 1 The Minimum Equalized Assessed Value of the Building (property index numbers 17-16-113-002-0000, 17-16-113-003-0000, and 17-16-113-009-0000) is stated in the attached table for the Note Payment Years 2004-2014
- 2 The real estate taxes anticipated to be generated and derived from the respective portions of the Building and the Project for the years shown are stated in the table attached to this exhibit cover sheet NOTE The attached table is an estimate only based on the assumptions stated therein, and the City makes no representation, warranty or guaranty that actual collections, tax rates or payments will conform to or approximate such estimates.

EXHIBIT J**SPECIFICATION OF MINIMUM ASSESSED VALUATION BY YEAR**

1 The Minimum Equalized Assessed Value of the Building (property index numbers 17-16-113-002-0000, 17-16-113-003-0000, and 17-16-113-009-0000) is stated below for the Note Payment Years 2004-2014

Minimum Equalized Assessed Value ("Minimum EAV")

Payment Year	2004	2005	2006	2007	2008
Accrual Year	2003	2004	2005	2006	2007
Minimum EAV	\$18,337,169	\$24,247,496	\$31,824,839	\$40,159,916	\$41,003,274

Payment Year	2009	2010	2011	2012	2013	2014
Accrual Year	2008	2009	2010	2011	2012	2013
Minimum EAV	\$41,864,343	\$42,743,494	\$43,641,107	\$44,557,570	\$45,493,279	\$46,448,638

550 WEST JACKSON

Initial Note 1 Value	5 000,000
Initial Note 2 Value	2 500,000
Annual Interest Rate	5.50%
Daily Interest Rate	0.015%
Issuance Date	11/30/04
Base EAV	2 289,550
Current EAV	18 337 169
Incremental EAV	16 047 619
Tax Rate	6.433%
Available Incremental Taxes	\$1,032 343 34

Note 1

Assessment Year	2003	2004	2005	2006	2007	2008	2009
Collection Year	2004	2005	2006	2007	2008	2009	2010
Note Payment Year	2005	2006	2007	2008	2009	2010	2011
Days in Accrual Year	30	360	360	360	360	360	390
Initial Value	5,000,000.00	4,403,510.66	3,780,372.74	2,799,907.29	1,398,146.03	-	-
Interest	22,916.67	242,193.09	207,920.50	153,994.90	83,306.20	-	-
Compounded Value	5,022,916.67	4,645,703.75	3,988,293.24	2,953,902.19	1,481,452.23	-	-
Available Increment	1,032,343.34	1,442,218.34	1,980,643.26	2,592,926.93	2,647,378.40	-	-
60% of Increment	619,406.01	865,331.00	1,188,385.96	1,555,756.16	1,481,452.23	-	-
Remaining Value	4,403,510.66	3,780,372.74	2,799,907.29	1,398,146.03	-	-	-

Note 2

Assessment Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Collection Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Note Payment Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Days in Accrual Year	30	360	360	360	360	360	360	360	360	360	390
Initial Value	2,500,000.00	2,511,458.33	2,649,588.54	2,795,315.91	2,949,058.29	3,004,281.69	1,547,733.17	-	-	-	-
Interest	11,458.33	138,130.21	145,727.37	153,742.38	162,198.21	165,235.49	92,219.10	-	-	-	-
Compounded Value	2,511,458.33	2,649,588.54	2,795,315.91	2,949,058.29	3,111,256.49	3,169,517.18	1,639,952.28	-	-	-	-
Available Increment	1,032,343.34	1,442,218.34	1,980,643.26	2,592,926.93	2,647,378.40	2,702,973.34	2,759,735.78	-	-	-	-
60% of Increment	-	-	-	-	106,974.81	1,621,784.01	1,655,841.47	-	-	-	-
Remaining Value	2,511,458.33	2,649,588.54	2,795,315.91	2,949,058.29	3,004,281.69	1,547,733.17	(15,889.19)	-	-	-	-

(1) The Interest Rate, Available Increment and Issuance Date are all assumptions. The final values will be determined prior to closing.

(2) The Available Increment assumes an increase of 2.1%.

(3) Interest accrual in 2004 is based on a 12 month, 360 day year.

550 JACKSON ASSOCIATES LIMITED LIABILITY COMPANY

Redevelopment Agreement
dated as of December 16, 2004

EXHIBIT K

FORM OF BOND

(Intentionally Omitted)

550 JACKSON ASSOCIATES LIMITED LIABILITY COMPANY

Redevelopment Agreement
dated as of December 16, 2004

EXHIBIT L

PUBLIC BENEFITS PROGRAM

At closing, Developer will provide a check for \$50,000 payable to the City of Chicago
Department of Aging

550 JACKSON ASSOCIATES LIMITED LIABILITY COMPANY

Redevelopment Agreement
dated as of December 16, 2004

EXHIBIT M-1

FORM OF NOTE 1

Form of the Note 1 for up to a maximum amount of \$5,000,000, and related Certificate of Expenditure are attached to this exhibit cover sheet.

CERTIFICATE OF EXPENDITURE

To Registered Owner

Re City of Chicago, Cook County, Illinois (the "City")
\$5,000,000 Increment Allocation Revenue Note
550 West Jackson Redevelopment Project, Series A ("Note 1")

This Certificate is submitted to you, as Registered Owner of Note 1, pursuant to the Ordinance of the City authorizing the execution of Note 1 adopted by the City Council of the City on March 27, 2002 (the "Ordinance") All terms used herein shall have the same meanings as when used in the Ordinance

The City hereby certifies that \$_____ is advanced as principal under Note 1 as of the date hereof Such amount has been properly incurred, is a proper charge made or to be made in connection with the redevelopment project costs defined in the Ordinance and has not been the basis of any previous principal advance As of the date hereof, the outstanding principal balance under Note 1 is \$_____, including the amount of this Certificate and less payments made on Note 1

IN WITNESS WHEREOF, the City has caused this Certificate to be signed on its behalf as of _____, _____.

CITY OF CHICAGO

By: _____, Commissioner
Department of Planning and Development

AUTHENTICATED BY

REGISTRAR

REGISTERED
NO R-1

MAXIMUM AMOUNT
\$5,000,000

**UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF COOK
CITY OF CHICAGO
TAX INCREMENT ALLOCATION REVENUE NOTE
550 WEST JACKSON
REDEVELOPMENT PROJECT, SERIES A**

Registered Owner 550 Jackson Associates Limited Liability Company

Interest Rate: 5.50% per annum [Prime Rate (defined herein) on the
Closing Date plus 0.50%, but not to exceed 9.0%]

Issue Date. December ____, 2004

Maturity Date December 31, 2022 (the end of the Term of the Agreement)

KNOW ALL PERSONS BY THESE PRESENTS, that the City of Chicago, Cook County, Illinois (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on or before the Maturity Date identified above, but solely from the sources hereinafter identified, the principal amount of this Note from time to time advanced by the Registered Owner to pay costs of the Project (as hereafter defined) in accordance with the Ordinance hereinafter referred to up to the principal amount of \$5,000,000 and to pay the Registered Owner or registered assigns interest on that amount at the Interest Rate per year specified above from the date of the advance. Interest shall be computed on the basis of a 360-day year of twelve 30-day months. [Note: As used in this Note, Prime Rate shall mean the rate of interest in effect from time to time reported by the Federal Reserve on commercial bank loans to the best and most credit-worthy business loan customers. When Note R-1

is issued, the Interest Rate will be expressed as a fixed number] Interest on principal and accrued but unpaid interest on this Note shall accrue at the Interest Rate per year specified above beginning on the date of issuance and shall compound on February 1 of each year until paid. Principal of and interest on this Note are payable on February 1 of each year from up to 60% of Available Incremental Taxes as provided in the Redevelopment Agreement (hereinafter defined), to be applied first to accrued and unpaid interest and the balance to principal

The principal of and interest on this Note are payable in lawful money of the United States of America, and shall be made to the Registered Owner hereof as shown on the registration books of the City maintained by the Comptroller of the City, as registrar and paying agent (the "Registrar"), at the close of business on the 15th day of the month immediately prior to the applicable payment, maturity or redemption date, and shall be paid by check or draft of the Registrar, payable in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Registrar, provided, that the final installment of principal and accrued but unpaid interest will be payable solely upon presentation of this Note at the principal office of the Registrar in Chicago, Illinois or as otherwise directed by the City.

This Note is one of a series of Notes (the "Notes") issued by the City in fully registered form in the aggregate principal amount of advances made from time to time by 550 Jackson Associates Limited Liability Company, a Delaware limited liability company, (the "Developer"), of up to \$7,500,000 for the purpose of paying the costs of certain eligible redevelopment project costs incurred by Developer in connection with the redevelopment of a building in the Canal/Congress Redevelopment Project Area (the "Project Area") in the City, with such redevelopment work and

related construction being defined as the "Project", all in accordance with the Constitution and the laws of the State of Illinois, and particularly the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74 4-1 et seq.) as amended (the "TIF Act"), the Local Government Debt Reform Act (30 ILCS 350/1 et seq) as amended and an Ordinance adopted by the City Council of the City on March 27, 2002 (the "Ordinance"), in all respects as by law required

The City has assigned and pledged certain rights, title and interest of the City in and to certain incremental ad valorem tax revenues from the Project Area which the City is entitled to receive pursuant to the TIF Act and the Ordinance, in order to pay the principal of and interest of the Notes. The revenues so pledged are described in the Redevelopment Agreement (hereinafter defined) as "Available Incremental Taxes". Reference is hereby made to the aforesaid Ordinance for a description, among others, with respect to the determination, custody and application of said revenues, the nature and extent of such security with respect to the Notes and the terms and conditions under which the Notes are issued and secured. **THIS NOTE IS A SPECIAL LIMITED OBLIGATION OF THE CITY, AND IS PAYABLE SOLELY FROM THE AVAILABLE INCREMENTAL TAXES, AND SHALL BE A VALID CLAIM OF THE REGISTERED OWNER HEREOF ONLY AGAINST SAID SOURCES. THIS NOTE SHALL NOT BE DEEMED TO CONSTITUTE AN INDEBTEDNESS OR A LOAN AGAINST THE GENERAL TAXING POWERS OR CREDIT OF THE CITY, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION. THE REGISTERED OWNER OF THIS NOTE SHALL NOT HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE CITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OF OR INTEREST ON THIS NOTE.**

The principal of this Note is subject to prepayment and redemption at any time without premium or penalty.

This Note is transferable with the consent of the City by the Registered Owner hereof in person or by its attorney duly authorized in writing at the principal office of the Registrar in Chicago, Illinois, but only in the manner and subject to the limitations provided in the Ordinance, and upon surrender and cancellation of this Note. Upon such transfer, a new Note of authorized denomination of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Registrar shall not be required to transfer this Note during the period beginning at the close of business on the 15th day of the month immediately prior to the maturity date of this Note nor to transfer this Note after notice calling this Note or a portion hereof for prepayment or redemption has been mailed, nor during a period of 5 days next preceding mailing of a notice of prepayment or redemption of this Note. Such transfer shall be in accordance with the form at the end of this Note.

This Note hereby authorized shall be executed and delivered as the Ordinance and the Redevelopment Agreement provide. Pursuant to the Redevelopment Agreement dated as of December 16, 2004 (the "Redevelopment Agreement") between the City and Developer, Developer has agreed to construct the Project and to advance funds for the incursion under the TIF Act of certain eligible redevelopment project costs related to the Project. Such costs up to the amount of \$5,000,000 shall be deemed to be a disbursement of the proceeds of this Note, and the outstanding principal amount of this Note shall be increased by the amount of each such advance from time to time. The principal amount outstanding of this Note shall be the sum of advances made pursuant to certificates of expenditure ("Certificates of Expenditure") executed by the City in accordance with

the Redevelopment Agreement, minus any principal amount paid on this Note. The City shall not execute Certificates of Expenditure with respect to this Note that total in excess of \$5,000,000.

Pursuant to Sections 4.03 and 15.02 of the Redevelopment Agreement, the City has reserved the right to terminate and suspend payments of principal of and interest on this Note upon the occurrence and continuance of certain events, as described in the Redevelopment Agreement. Such right shall survive any transfer of this Note by the Registered Owner.

The City and the Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and for all other purposes and neither the City nor the Registrar shall be affected by any notice to the contrary, unless transferred in accordance with the provisions hereof.

It is hereby certified and recited that all conditions, acts and things required by law to exist, to happen, or to be done or performed precedent to and in the issuance of this Note did exist, have happened, have been done and have been performed in regular and due form and time as required by law, that the issuance of this Note, together with all other obligations of the City, does not exceed or violate any constitutional or statutory limitation applicable to the City.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Registrar.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the City of Chicago, Cook County, Illinois, by its City Council, has caused its official seal to be imprinted by facsimile hereon or hereunto affixed, and has caused this Note to be signed by the duly authorized signature of the Mayor and attested by the duly authorized signature of the City Clerk of the City, all as of _____, _____

Mayor

(SEAL)
Attest

City Clerk

CERTIFICATE
OF
AUTHENTICATION

Registrar and Paying Agent
Comptroller of the
City of Chicago,
Cook County, Illinois

This Note is described in the within mentioned Ordinance and is the \$5,000,000 Tax Increment Allocation Revenue Note (550 West Jackson Redevelopment Project), Series A, of the City of Chicago, Cook County, Illinois

Comptroller

Date: _____

(ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____
the within Note and does hereby irrevocably constitute and appoint _____ attorney to
transfer the said Note on the books kept for registration thereof with full power of substitution in the
premises

Dated _____
Registered Owner

NOTICE: The signature to this assignment must correspond with the name of the Registered
Owner as it appears upon the face of the Note in every particular, without
alteration or enlargement or any change whatever

Signature Guaranteed: _____

Notice Signature(s) must be guaranteed by a member of the New York Stock
Exchange or a commercial bank or trust company

Consented to as of _____

City of Chicago, Illinois

By _____
Title _____, Department of
Planning and Development

550 JACKSON ASSOCIATES LIMITED LIABILITY COMPANY

Redevelopment Agreement
dated as of December 16, 2004

EXHIBIT M-2

FORM OF NOTE 2

Form of the Note 2 for up to a maximum amount of \$2,500,000, and related Certificate of Expenditure are attached to this exhibit cover sheet

CERTIFICATE OF EXPENDITURE

To. Registered Owner

Re City of Chicago, Cook County, Illinois (the "City")
\$2,500,000 Tax Increment Allocation Revenue Note
550 West Jackson Redevelopment Project, Series A ("Note 2")

This Certificate is submitted to you, as Registered Owner of Note 2, pursuant to the Ordinance of the City authorizing the execution of Note 2 adopted by the City Council of the City on March 27, 2002 (the "Ordinance") All terms used herein shall have the same meanings as when used in the Ordinance.

The City hereby certifies that \$_____ is advanced as principal under Note 2 as of the date hereof Such amount has been properly incurred, is a proper charge made or to be made in connection with the redevelopment project costs defined in the Ordinance and has not been the basis of any previous principal advance As of the date hereof, the outstanding principal balance under Note 2 is \$_____, including the amount of this Certificate and less payments made on Note 2.

IN WITNESS WHEREOF, the City has caused this Certificate to be signed on its behalf as of _____,

CITY OF CHICAGO

By _____, Commissioner
Department of Planning and Development

AUTHENTICATED BY.

REGISTRAR

REGISTERED
NO R-2

MAXIMUM AMOUNT
\$2,500,000

**UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF COOK
CITY OF CHICAGO
TAX INCREMENT ALLOCATION REVENUE NOTE
550 WEST JACKSON
REDEVELOPMENT PROJECT, SERIES A**

Registered Owner: 550 Jackson Associates Limited Liability Company
Interest Rate: 5.50% per annum [Prime Rate (defined herein) on the Closing Date plus 0.50%, but not to exceed 9.0%]
Issue Date: December ____, 2004
Maturity Date: December 31, 2022 (the end of the Term of the Agreement)

KNOW ALL PERSONS BY THESE PRESENTS, that the City of Chicago, Cook County, Illinois (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on or before the Maturity Date identified above, but solely from the sources hereinafter identified, the principal amount of this Note from time to time advanced by the Registered Owner to pay costs of the Project (as hereafter defined) in accordance with the Ordinance hereinafter referred to up to the principal amount of \$2,500,000 and to pay the Registered Owner or registered assigns interest on that amount at the Interest Rate per year specified above from the date of the advance. Interest shall be computed on the basis of a 360-day year of twelve 30-day months [Note. As used in this Note, Prime Rate shall mean the rate of interest in effect from time to time reported by the Federal Reserve on commercial bank loans to the best and most credit-worthy business loan customers. When Note R-2

is issued, the Interest Rate will be expressed as a fixed number.] Interest on principal and accrued but unpaid interest on this Note shall accrue at the Interest Rate per year specified above beginning on the date of issuance and shall compound on February 1 of each year until paid. Principal of and interest on this Note are payable on February 1 of each year from 60% of Available Incremental Taxes as provided in the Redevelopment Agreement (hereinafter defined), to be applied first to accrued and unpaid interest and the balance to principal.

The principal of and interest on this Note are payable in lawful money of the United States of America, and shall be made to the Registered Owner hereof as shown on the registration books of the City maintained by the Comptroller of the City, as registrar and paying agent (the "Registrar"), at the close of business on the 15th day of the month immediately prior to the applicable payment, maturity or redemption date, and shall be paid by check or draft of the Registrar, payable in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Registrar, provided, that the final installment of principal and accrued but unpaid interest will be payable solely upon presentation of this Note at the principal office of the Registrar in Chicago, Illinois or as otherwise directed by the City

This Note is one of a series of Notes (the "Notes") issued by the City in fully registered form in the aggregate principal amount of advances made from time to time by 550 Jackson Associates Limited Liability Company, a Delaware limited liability company, (the "Developer"), of up to \$7,500,000 for the purpose of paying the costs of certain eligible redevelopment project costs incurred by Developer in connection with the redevelopment of a building in the Canal/Congress Redevelopment Project Area (the "Project Area") in the City, with such redevelopment and related

construction being defined as (the "Project"), all in accordance with the Constitution and the laws of the State of Illinois, and particularly the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74 4-1 et seq) as amended (the "TIF Act"), the Local Government Debt Reform Act (30 ILCS 350/1 et seq.) as amended and an Ordinance adopted by the City Council of the City on March 27, 2002 (the "Ordinance"), in all respects as by law required

The City has assigned and pledged certain rights, title and interest of the City in and to certain incremental ad valorem tax revenues from the Project Area which the City is entitled to receive pursuant to the TIF Act and the Ordinance, in order to pay the principal of and interest of the Notes. The revenues so pledged are described in the Redevelopment Agreement (hereinafter defined) as "Available Incremental Taxes" Reference is hereby made to the aforesaid Ordinance for a description, among others, with respect to the determination, custody and application of said revenues, the nature and extent of such security with respect to the Notes and the terms and conditions under which the Notes are issued and secured **THIS NOTE IS A SPECIAL LIMITED OBLIGATION OF THE CITY, AND IS PAYABLE SOLELY FROM THE AVAILABLE INCREMENTAL TAXES, AND SHALL BE A VALID CLAIM OF THE REGISTERED OWNER HEREOF ONLY AGAINST SAID SOURCES. THIS NOTE SHALL NOT BE DEEMED TO CONSTITUTE AN INDEBTEDNESS OR A LOAN AGAINST THE GENERAL TAXING POWERS OR CREDIT OF THE CITY, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION. THE REGISTERED OWNER OF THIS NOTE SHALL NOT HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE CITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OF OR INTEREST ON THIS NOTE.**

The principal of this Note is subject to prepayment and redemption at any time without premium or penalty

This Note is transferable with the consent of the City by the Registered Owner hereof in person or by its attorney duly authorized in writing at the principal office of the Registrar in Chicago, Illinois, but only in the manner and subject to the limitations provided in the Ordinance, and upon surrender and cancellation of this Note. Upon such transfer, a new Note of authorized denomination of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Registrar shall not be required to transfer this Note during the period beginning at the close of business on the 15th day of the month immediately prior to the maturity date of this Note nor to transfer this Note after notice calling this Note or a portion hereof for prepayment or redemption has been mailed, nor during a period of 5 days next preceding mailing of a notice of prepayment or redemption of this Note. Such transfer shall be in accordance with the form at the end of this Note.

This Note hereby authorized shall be executed and delivered as the Ordinance and the Redevelopment Agreement provide. Pursuant to the Redevelopment Agreement dated as of December 16, 2004 (the "Redevelopment Agreement") between the City and Developer, Developer has agreed to acquire and construct the Project and to advance funds for the incursion under the TIF Act of certain eligible redevelopment project costs related to the Project. Such costs up to the amount of \$2,500,000 shall be deemed to be a disbursement of the proceeds of this Note, and the outstanding principal amount of this Note shall be increased by the amount of each such advance from time to time. The principal amount outstanding of this Note shall be the sum of advances made pursuant to certificates of expenditure ("Certificates of Expenditure") executed by the City in

accordance with the Redevelopment Agreement, minus any principal amount paid on this Note. The City shall not execute Certificates of Expenditure with respect to this Note that total in excess of \$2,500,000.

Pursuant to Sections 4.03 and 15.02 of the Redevelopment Agreement, the City has reserved the right to terminate and suspend payments of principal of and interest on this Note upon the occurrence and continuance of certain events, as described in the Redevelopment Agreement. Such right shall survive any transfer of this Note by the Registered Owner.

The City and the Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and for all other purposes and neither the City nor the Registrar shall be affected by any notice to the contrary, unless transferred in accordance with the provisions hereof.

It is hereby certified and recited that all conditions, acts and things required by law to exist, to happen, or to be done or performed precedent to and in the issuance of this Note did exist, have happened, have been done and have been performed in regular and due form and time as required by law, that the issuance of this Note, together with all other obligations of the City, does not exceed or violate any constitutional or statutory limitation applicable to the City.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Registrar.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the City of Chicago, Cook County, Illinois, by its City Council, has caused its official seal to be imprinted by facsimile hereon or hereunto affixed, and has caused this Note to be signed by the duly authorized signature of the Mayor and attested by the duly authorized signature of the City Clerk of the City, all as of _____, _____

Mayor

(SEAL)
Attest

City Clerk

CERTIFICATE
OF
AUTHENTICATION

Registrar and Paying Agent
Comptroller of the
City of Chicago,
Cook County, Illinois

This Note is described in the within mentioned Ordinance and is the \$2,500,000 Tax Increment Allocation Revenue Note (550 West Jackson Redevelopment Project), Series A, of the City of Chicago, Cook County, Illinois

Comptroller

Date _____

(ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____
the within Note and does hereby irrevocably constitute and appoint _____ attorney to
transfer the said Note on the books kept for registration thereof with full power of substitution in the
premises

Dated _____
Registered Owner

NOTICE The signature to this assignment must correspond with the name of the Registered
Owner as it appears upon the face of the Note in every particular, without
alteration or enlargement or any change whatever

Signature Guaranteed _____

Notice Signature(s) must be guaranteed by a member of the New York Stock
Exchange or a commercial bank or trust company

Consented to as of _____

City of Chicago, Illinois

By. _____

Title _____, Department of
Planning and Development

The Canal / Congress
Tax Increment Financing
Redevelopment Project and Plan

City of Chicago, Illinois

August 11, 1998

Amendment No. 1

May, 2002

City of Chicago
Richard M. Daley, Mayor

Department of Planning and Development
Christopher R. Hill, Commissioner

Amendment No. 1

To induce redevelopment pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq* , as amended (the “Act”), the City Council of the City of Chicago (the “City”) adopted three ordinances on November 12, 1998, approving the Canal / Congress Tax Increment Financing Redevelopment Project and Plan (the “Original Plan,” and as hereby amended, the “Redevelopment Plan”), designated the Canal / Congress Redevelopment Project Area (the “RPA”) as a redevelopment project area under the Act and adopted tax increment allocation financing for the RPA

The purposes of this Amendment No. 1 are

- (1) to extend the termination date of the RPA and the date of completion of the Redevelopment Plan in accordance with recent amendments to the Act,
- (2) to add redevelopment project costs to the itemized list of redevelopment project costs set forth in the Redevelopment Plan,
- (3) to correct an error in the legal description of the RPA.

Amendments to the Act are stated in Public Act 92-263, which became effective on August 7, 2001, and in Public Act 92-406, which became effective on January 1, 2002 Pursuant to Section 11-74.4-3(n)(3) of the Act, a redevelopment plan approved by a municipality

“ .establishes the estimated dates of completion of the redevelopment project and retirement of obligations issued to finance redevelopment project costs. Those dates shall not be later than December 31 of the year in which the payment to the municipal treasurer as provided in subsection (b) of Section 11-74 4-8 of this Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year after the year in which the ordinance approving the redevelopment project area is adopted if the ordinance was adopted on or after January 15, 1981 ..”

Also, Section 11-74 4-3(n)(9) of the Act provides that:

“(9) For redevelopment project areas designated prior to November 1, 1999, the redevelopment plan may be amended without further joint review board meeting or hearing, provided that the municipality shall give notice of any such changes by mail to each affected taxing district and registrant on the interested party registry, to authorize the municipality to expend tax increment revenues for redevelopment project costs defined by paragraphs (5) and (7 5), subparagraphs (E) and (F) of paragraph (11), and paragraph (11 5) of subsection (q) of Section 11-74 4-3, so long as the changes do not increase the total estimated redevelopment project costs set out in the redevelopment plan by more than 5% after adjustment for inflation from the date the plan was adopted ”

Section 11-74 4-3(q)(11)(F) of the Act provides that

“(F) Instead of the eligible costs provided by subparagraphs (B) and (D) of paragraph (11), as modified by this subparagraph, and notwithstanding any other provisions of this Act to the contrary, the municipality may pay from tax increment revenues up to 50% of the cost of construction of new housing units to be occupied by low-income households and very low-income households as defined in Section 3 of the Illinois Affordable Housing Act. The cost of construction of those units may be derived from the proceeds of bonds issued by the municipality under this Act or other constitutional or statutory authority or from other sources of municipal revenue that may be reimbursed from tax increment revenues or the proceeds of bonds issued to finance the construction of that housing.”

Accordingly, the Canal / Congress Tax Increment Financing Redevelopment Project and Plan is amended by inserting the underlined text and deleting the stricken text, beginning with Section V., F of the Plan, "Redevelopment Project - Redevelopment Project Costs," in Section V, H., "Redevelopment Project - Issuance of Obligations," in Section X, "Phasing and Scheduling," and in Exhibit II, Estimated Redevelopment Project Costs as follows.

V. REDEVELOPMENT PROJECT

F. Redevelopment Project Costs

The various redevelopment expenditures which are eligible for payment or reimbursement under the Act are reviewed below. Following this review is a list of estimated redevelopment project costs which are deemed to be necessary to implement this Redevelopment Plan (the "Redevelopment Project Costs")

1. Eligible Redevelopment Project Costs

Redevelopment project costs include the sum total of all reasonable or necessary costs incurred, estimated to be incurred, or incidental to this Redevelopment Plan pursuant to the Act. Such costs may include, without limitation, the following:

- 1.) Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including but not limited to, staff and professional service costs for architectural, engineering, legal, marketing, financial, planning or other services (excluding lobbying expenses), provided that no charges for professional services are based on a percentage of the tax increment collected;
- 2.) The costs of marketing sites within the RPA to prospective businesses, developers and investors,
- 3.) Property assembly costs, including but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land,
- 4.) Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, and fixtures, and leasehold improvements;
- 5.) Costs of the construction of public works or improvements,
- 6.) Costs of job training and retraining projects including the cost of "welfare to work" programs implemented by businesses located within the RPA;
- 7.) Financing costs including, but not limited to, all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding 36 months following completion and including reasonable reserves related thereto,

- 8.) All or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment plan and project, to the extent the municipality by written agreement accepts and approves such costs;
- 9.) Relocation costs to the extent that the municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law;
- 10.) Payment in lieu of taxes as defined in the Act,
- 11.) Costs of job training, advanced vocational education or career education, including but not limited to, courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken, including but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by the community college districts of costs pursuant to Sections 3-37, 3-38, 3-40, and 3-40 1 of the Public Community College Act and by school districts of costs pursuant to Sections 10-22 20a and 10-23 3a of the School Code,
- 12.) Interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that
- 1.) such costs are to be paid directly from the special tax allocation fund established pursuant to this Act,
 - 2.) such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year,
 - 3) if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this provision, then the amount so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund, and
 - 4) the total of such interest payments incurred pursuant to this Act may not exceed 30 percent of the total. (i) costs paid or incurred by the redeveloper for such redevelopment project plus (ii) redevelopment project costs excluding

any property assembly costs and any relocation costs incurred by a municipality pursuant to this Act;

- 5.) Up to 75 percent of the interest cost incurred by a redeveloper for the financing of rehabilitated or new housing for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act
 - 6.) Instead of the eligible costs provided for in subparagraphs (2) and (5) above, the municipality may pay from tax increment revenues up to fifty percent (50%) of the cost of construction of new housing units to be occupied by low- and very low-income households (for ownership or rental) as defined in Section 3 of the Illinois Affordable Housing Act. If the units are part of a residential redevelopment project that includes units not affordable to low- and very low-income households, only the low- and very low-income units shall be eligible for benefits under the Act,
13. An elementary, secondary, or unit school district's increased costs attributable to assisted housing units will be reimbursed as provided in the Act,
 14. The costs of daycare services for children of employees from low-income families working for businesses located within the RPA and all or a portion of the cost of operation of day care centers established by RPA businesses to serve employees from low-income families working in businesses located in the RPA. For the purposes of this paragraph, "low-income families" means families whose annual income does not exceed 80 percent of the City, county or regional median income as determined from time to time by the United States Department of Housing and Urban Development,
 15. Unless explicitly provided in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost

2. Estimated Redevelopment Project Costs

The estimated eligible costs of this Redevelopment Plan are shown in Exhibit II. The total eligible cost provides an upper limit on expenditures that are to be funded using tax increment revenues (exclusive of capitalized interest, issuance costs, interest, and other financing costs). Within this limit, adjustments may be made in line items without amendment to this Redevelopment Plan. Additional funding in the form of State and Federal grants, private developers' contributions and other outside sources may be pursued by the City as a means of financing improvements and facilities which are of benefit to the general community and the Canal/Congress RPA, but any such funding would not be part of the total redevelopment project costs described in Exhibit II of this Redevelopment Plan. A range of redevelopment activities will be required to implement this Redevelopment Plan. The activities and improvements and their estimated costs are set forth in Exhibit II of this Redevelopment Plan.

~~All estimates are based on 1998 dollars. Funds may be moved from one line item to another or to an eligible cost category described in this Plan.~~

~~Redevelopment Project Costs described in the Redevelopment Plan are intended to provide an upper estimate of expenditures. Within this upper estimate, adjustments may be made in line items without amending this Redevelopment Plan.~~

H. Issuance of Obligations

The City may issue obligations secured by Incremental Property Taxes pursuant to Section 11-74 4-7 of the Act. To enhance the security of a municipal obligation, the City may pledge its full faith and credit through the issuance of general obligations bonds. Additionally, the City may provide other legally permissible credit enhancements to any obligations issued pursuant to the Act.

All obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired not later than December 31 of the year in which the payment to the municipal treasurer as provided in subsection (b) of Section 11-74 4-8 of this Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year after the year in which the ordinance approving the redevelopment project area is adopted (such ultimate retirement date occurring on December 31, 2022 ~~within twenty-three (23) years from the adoption of the ordinance approving the Project Area and the Redevelopment Plan, such ultimate retirement date occurring in the year 2021~~. Also, the final maturity date of any such obligations which are issued may not be later than 20 years from their respective dates of issue. One or more of a series of obligations may be sold at one or more times in order to implement this Redevelopment Plan. Obligations may be issued on a parity or subordinated basis.

In addition to paying Redevelopment Project Costs, Incremental Property Taxes may be used for the scheduled retirement of obligations, mandatory or optional redemptions, establishment of debt service reserves and bond sinking funds. To the extent that Incremental Property Taxes are not needed for these purposes, any excess Incremental Property Taxes shall then become available for distribution annually to taxing districts having jurisdiction over the Project Area in the manner provided by the Act.

X. PHASING AND SCHEDULING

A phased implementation strategy will be utilized to achieve comprehensive and coordinated redevelopment of the Project Area.

It is anticipated that City expenditures for Redevelopment Project Costs will be carefully staged on a reasonable and proportional basis to coincide with Redevelopment Project expenditures by private developers and the receipt of Incremental Property Taxes by the City.

The completion date of the redevelopment project is not later than December 31, 2022. ~~The estimated date for completion of Redevelopment Projects is no later than the year 2021.~~

EXHIBIT II: Estimated Redevelopment Project Costs

Eligible Expense	Estimated Costs*
Analysis, Administration, Studies, Surveys, Legal, etc.	\$2,500,000
Property Assembly:	
- Acquisition	\$5,000,000
- Site prep, Demolition and Environmental Remediation	\$10,000,000
Rehabilitation of Existing Buildings	\$37,000,000 \$43,000,000
Public Works or Improvements	
- Streets and Utilities	\$6,000,000
- Parks and Open Spaces	\$9,000,000
Taxing Districts Capital Costs	\$1,200,000
Relocation	\$500,000
Job Training	\$5,000,000
Developer / Interest Subsidy	\$6,500,000
Day Care Services	\$3,000,000
Cost of construction of low- and very low-income housing	\$3,000,000
TOTAL REDEVELOPMENT COSTS	\$88,700,000 ⁽¹⁾

[1] Total Redevelopment Project Costs exclude any additional financing costs, including any interest expense, capitalized interest and costs associated with optional redemptions. These costs are subject to prevailing market conditions and are in addition to Total Project Costs. Total Project Costs are inclusive of redevelopment project costs in contiguous redevelopment project areas that are permitted under the Act to be paid from incremental property taxes.

Public Act 92-263 also provides in Section 11 - 74 4-5 (c) that

Changes which do not (1) add additional parcels of property to the proposed redevelopment project area, (2) substantially affect the general land uses proposed in the redevelopment plan, (3) substantially change the nature of the redevelopment project, (4) increase the total estimated redevelopment project cost set out in the redevelopment plan by more than 5% after adjustment for inflation from the date the plan was adopted, (5) add additional

redevelopment project costs to the itemized list of redevelopment project costs set out in the redevelopment plan, or (6) increase the number of low or very low income households to be displaced from the redevelopment project area, provided that measured from the time of creation of the redevelopment project area the total displacement of the households will exceed 10, may be made without further hearing, provided that the municipality shall give notice of any such changes by mail to each affected taxing district and registrant on the interested parties registry, provided for under Section 11-74.4-4 2, and by publication in a newspaper of general circulation within the affected taxing district. Such notice by mail and by publication shall each occur not later than 10 days following the adoption by ordinance of such changes.

The City is making the following change in order to clarify a discrepancy between the Equalized Assessed Valuation (EAV) list and the Maps of the Plan, and the legal description, where parcels of land on the north side of Jackson Boulevard between Jefferson and Clinton are shown on the Maps and listed on the EAV list, but are not included in the legal description. The following underlined text is inserted, and the stricken text is deleted

**THENCE SOUTH ALONG SAID EAST LINE OF JEFFERSON ST. TO THE NORTH LINE OF QUINCY
~~JACKSON~~ STREET,**

**THENCE EAST ALONG SAID NORTH LINE OF ~~JACKSON~~ QUINCY ST. TO THE WEST LINE OF
CLINTON STREET;**

WAM-Working
04/18/02

**THE CANAL/CONGRESS
TAX INCREMENT FINANCING
REDEVELOPMENT PROJECT AND PLAN**

City of Chicago, Illinois

August 11, 1998

City of Chicago
Richard M Daley, Mayor

Department of Planning and Development
Christopher R Hill, Commissioner

**THE CANAL/CONGRESS
TAX INCREMENT FINANCING
REDEVELOPMENT PROJECT AND PLAN**

City of Chicago, Illinois
Department of Planning and Development

This Redevelopment Plan is subject to review
and comment and may be revised
after comment and hearing

Prepared by
Trkla, Pettigrew, Allen & Payne, Inc.

August 11, 1998

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EXHIBIT I: LEGAL DESCRIPTION OF PROJECT BOUNDARY

EXHIBIT II: ESTIMATED REDEVELOPMENT PROJECT COSTS

EXHIBIT III: 1996 EQUALIZED ASSESSED VALUATION BY TAX PARCEL

EXHIBIT IV: CANAL/CONGRESS PROJECT AREA TAX INCREMENT FINANCING ELIGIBILITY STUDY

I. INTRODUCTION

This document is to serve as a redevelopment plan for an area that is located west the City of Chicago's (the "City") central business district (the "Loop") and is generally bounded on the north by Madison, Monroe and Adams Streets, on the south by Congress Parkway and Harrison Street; on the east by Clinton and Canal Streets and the South Branch of the Chicago River, and on the west by the Kennedy Expressway and Desplaines Street. This area is subsequently referred to in this document as the Canal/Congress Tax Increment Financing Redevelopment Project Area, (the "Project Area") The Project Area is strategically located directly west of the Loop and is regionally accessible by the adjacent Kennedy, Dan Ryan and Eisenhower Expressways, the commuter and intercity rail lines running in and out of Union and Northwestern Train Stations, and the Chicago River

Despite its enviable location adjacent to the Loop and its easy accessibility, the Project Area has been developed and expanded over the years on an ad hoc basis with no comprehensive approach It consists of a mixture of building types, sizes, conditions, and uses The Project Area lacks overall character and identity, containing older buildings, vacant lots and deteriorating properties Aware of the Project Area's strategic location, the City recognizes the need to develop this area on a coordinated and comprehensive basis Recent planning efforts which address the Project Area include the 1973 *Chicago 21 Plan*, the 1985 *Report of The West Loop Task Force*, the 1990 *West Loop Development Plan Executive Summary*; and the November 1993 draft report, *The West Loop Development Plan and Executive Summary* These plans set forth recommendations for development and redevelopment of the Project Area and, together with the *Downtown Parking Policies*, City of Chicago, 1989, *Chicago River Urban Design Guidelines*, 1990, *Guidelines for Transit-Supportive Development*, Chicago Transit Authority (the "CTA"), 1996, and the *Mayor's Parking Task Force Report*, City of Chicago, 1997 form the basis for many of the recommendations presented in this Redevelopment Plan

Recognizing the Project Area's potential as an extension of the Loop and as a vital link to the Near West Community Area, the City is taking a proactive step toward the economic renaissance of the Project Area The City wishes to stabilize and provide cohesion to this portion of the West Loop and support business, retail, institutional, open space, transportation and residential expansion and to encourage private investment and development activity through the use of tax increment financing.

As part of its strategy to encourage managed growth and stimulate private investment within the Project Area, the City engaged Trkla, Pettigrew, Allen & Payne, Inc ("TPAP") with the assistance from R.M Chin & Associates ("RMCA") to study whether the Project Area of approximately 41.3 acres qualifies as a "conservation area" or a "blighted area" under the Illinois Tax Increment Allocation Redevelopment Act (65 ILCS 5/11/74 4-3) The Project Area, described in more detail below as well as in the accompanying Eligibility Study, has not been subject to

growth and development through investment by private enterprise and is not reasonably expected to be developed without the efforts and leadership of the City

While small-scale or piecemeal redevelopment efforts might occur in limited portions of the Project Area, the sheer size and magnitude of several of the existing buildings within the Project Area, coupled with the extensive obsolescence, vacancies and long-term depreciation of physical maintenance of most of the existing buildings, are likely to preclude the revitalization of the Project Area on a scale sufficient to return the Project Area to a long-term sound condition without the intervention of the City.

For instance, located within the Project Area is the historically significant former Chicago Main Post Office at Canal Street and Congress Parkway which is eligible for listing in the National Register of Historic Places. This building was built in two phases between 1921 and 1933 and has been vacant for about four years. Adaptive reuse of this building by private investment alone is impeded by 1) the sheer magnitude of the building comprising over 2.4 million square feet, which for reference purposes is larger than the Chicago Amoco Building located at 200 E. Randolph Street, 2) the requirement of a substantial investment in preserving the historic and architecturally significant nature of the building, and 3) the substantial investment required to convert the building for one or more different use(s).

Also historically significant within the Project Area is the Union Station built in 1925 and located along Canal and Jackson Streets. For more than 15 years approximately 60% of the building has been vacant and available for lease. However, the above ground floors of the building show an overall depreciation of physical maintenance requiring significant investment and rehabilitation to attract any prospective tenants.

The building located at 444 W Jackson Street is significant to the Project Area in that it has been vacant for over 10 years, and contains over 80,000 square feet of undeveloped space. This building was completed in 1971 and its intended principal use was to serve as a trading floor area for the Mid - America Commodities Exchange. However, the company vacated the building in 1981 leaving the site undeveloped. Since the building was specifically built to be a trading area, the design of the building does not lend itself to be easily converted into office space. Essentially, the building is an empty shell, obsolete in its design and space due to the excessive ceiling heights and open floors and contains interior components in a partially demolished condition and an obsolete mechanical system. The building's obsolete design, coupled with years of deferred maintenance, require significant investment and rehabilitation to adapt the building for a marketable use.

The City believes that the Project Area should be revitalized on a coordinated, comprehensive and planned basis consistent with the highest quality standards of design and construction for which the downtown is renowned and to ensure continuity with the revitalization program of the larger West Loop. A coordinated and comprehensive redevelopment effort will allow the City and other taxing districts to work cooperatively to prepare for the increased service demands.

that may arise from the conversion of underutilized land and buildings to more intensive uses. Such a comprehensive redevelopment plan will also encourage job training to prepare residents of surrounding and nearby neighborhoods for newly created job opportunities anticipated within the Project Area.

A. Canal/Congress Tax Increment Financing Redevelopment Project Area

The Project Area contains 33 buildings and encompasses a total of approximately 41.3 acres and is adjacent to the west side of the Loop. All areas of the Project Area are improved with buildings or surface parking lots. For a map depicting the boundaries and legal description of the Project Area, see Section II, *Legal Description*.

In general, the Project Area can be described as a "mixed use" area with a variety of land uses, which includes office, residential, retail, entertainment, institutional, transportation, government and open space.

The Project Area as a whole contains a mix of office, warehouse, and commercial buildings all varying in height and size. Ninety-one percent (91%) of the 33 total buildings are over 35 years old. The Project Area is characterized by aging infrastructure, deteriorated site development, obsolescent buildings, structures below minimum code standards, and vacant and underutilized buildings. Significant to the Project Area is the former Main Post Office located at Canal Street and Congress Parkway. This building has been essentially vacant for approximately four years since the Post Office relocated to a new facility one block south. The Post Office facility contains over 2.4 million square feet of available space. While the size and location of the Post Office lend itself to many redevelopment opportunities, the magnitude, obsolescence, and long-term depreciation of physical maintenance of the complex are likely to seriously limit redevelopment efforts that may occur through private investment.

The considerable physical assets of the Project Area include the following features.

- The "Circle" Interchange enables the Project Area to be accessible to the interstate highway systems. It is located directly west of the Project Area and serves as the entryway to the Kennedy Expressway (I-94), the Dan Ryan Expressway (I-90/94), the Eisenhower Expressway (I-290) and the Loop.
- The Project Area is served by two train stations enabling the Project Area to be regionally and locally accessible. Union Station, located within the Project Area on Canal and Jackson Streets, accommodates both Metra commuter rail service and Amtrak intercity rail service. The Northwestern Station, located a couple blocks outside the Project Area on Madison and Canal Street, accommodates Metra commuter rail service.

- CTA Rapid Transit Station for the O'Hare (Blue) Line within the Project Area at Clinton Street and Congress Parkway connects the Loop to the western suburbs and O'Hare airport
- Numerous exits off the Kennedy Expressway (I-94) provide convenient access to the Loop
- The Loop is located directly east of the Project Area which makes the area attractive for new development
- The Chicago River provides a navigable waterway and an opportunity for community open space along the river
- Eight CTA bus lines serve the Project Area

Although the Project Area enjoys strong locational assets, particularly its excellent highway, rail, transit, bus service, water access, and proximity to the Loop, the Project Area is likely to erode without reinvestment as existing properties continue to sit vacant due to deterioration and obsolescence while potential business and residential tenants find more attractive and desirable environments in which to locate

The Project Area on the whole has not been subject to growth and development through investment by private enterprise. Evidence of this lack of growth and development is detailed in *Section VI* and summarized below

- Numerous buildings show signs of obsolescence, deterioration, building code violations, excessive vacancies, and an overall depreciation of physical maintenance
- The majority of the Project Area's infrastructure needs to be repaired. Most of the Project Area's curbs and gutters, street lighting, alleys and sidewalks need repair or replacement
- Within the last five years, no new buildings have been built in the Project Area. In this same time period, only three of the 33 buildings in the Project Area indicated significant building permit costs. The total building permit activity for these three buildings is \$2,034,080. Seventy-four percent (74%) of the total cost is attributable to interior renovations to the vacant hotel located at Harrison and Canal Streets. Overall, the investment is very limited and scattered having little to no impact on the Project Area
- Five warehouse structures have been demolished between January 1, 1993 and May 20, 1998 within the Project Area. This indicates a decline in business activity in the Project Area since these demolitions have not been replaced with new construction and the current use of the properties are surface parking lots
- Between 1991 and 1996, the Assessed Value (the "AV") of the Project Area decreased from \$24,639,359 to \$16,547,330, a decrease of \$8,092,029 or 32.8 percent. Over this same period, the AV of the City as a whole increased by 7.10 percent. The majority of the significant decrease in AV is attributable to two buildings within the Project Area. The first building is the parking garage owned by Amtrak located at Jackson and Canal

Streets which had an AV of \$4,939,999 in 1991 and then later became tax exempt. The AV of the second building, located at 547 West Jackson, was reduced by \$1,767,048 between 1991 and 1996 because it is owned and partially occupied by the public Commuter Rail Division of RTA. Excluding these two buildings from the analysis, the AV of the Project Area between 1991 and 1996 decreased \$1,384,982 or 8.2 percent.

- Between 1991 and 1996, the Equalized Assessed Value (the "EAV") of the Project Area decreased from \$50,567,356 to \$35,604,890, a decrease of \$14,962,467 or 29.6 percent. Over this same period, the EAV of the City as a whole increased by 12.3 percent. As stated in the above paragraph, the majority of the significant decrease in EAV is attributable to two buildings within the Project Area. Excluding these two buildings from the analysis, the EAV of the Project Area between 1991 and 1996 decreased \$1,308,077 or 3.8 percent.
- A significant number of buildings within the Project Area are vacant or underutilized. In particular, the Old Main Post Office has been vacant for almost four years, which represents over 2.4 million square feet of undeveloped space. The building located at 444 West Jackson has been vacant for over 10 years, which totals over 80,000 square feet of undeveloped space. Also, Union Station has been approximately 60 percent vacant for over 15 years. In addition to the above buildings, close to 100,000 square feet of vacant space is reported to exist in six other buildings within the Project Area. This vacant space is evidence of the lack of growth and development within the Project Area.

Without a comprehensive and area-wide effort by the City to promote investment, the Project Area will not likely be subject to sound growth and development through private investment. In spite of existing plans and City programs which support the rehabilitation and improvement of the Project Area, minimal new construction and private investment has occurred in the Project Area. The Project Area developed more than 75 years ago on a parcel-by-parcel basis without the benefit of community planning guidelines and standards. Today, much of the Project Area is characterized by dilapidation, obsolescence, deterioration, structures below minimum code standards, excessive vacancies, lack of light, ventilation, and sanitary facilities, deleterious land-use or layout, depreciation of physical maintenance and an overall lack of community planning.

While small-scale, piecemeal development might occur in limited portions of the Project Area, the City believes that the Project Area should be revitalized on a coordinated, comprehensive and planned basis to ensure continuity with the planning efforts of the greater central area and surrounding neighborhoods. A coordinated and comprehensive redevelopment effort will allow the City and other taxing districts to work cooperatively to prepare for the increased service demands that may arise from the conversion of underutilized land and buildings to more intensive uses. Such a comprehensive redevelopment plan will also encourage job training to assist in putting residents of the neighborhood and the surrounding neighborhoods to work in jobs anticipated to be created within the Project Area.

B. Tax Increment Financing

In January 1977, Tax Increment Financing ("TIF") was authorized by the Illinois General Assembly through passage of the *Tax Increment Allocation Redevelopment Act*, 65 ILCS 5/11-74.4-1 *et seq*, as amended (the "Act"). The Act provides a means for municipalities, after the approval of a redevelopment plan and project, to redevelop blighted, conservation, or industrial park conservation areas and to finance eligible "redevelopment project costs" with incremental property tax revenues. "Incremental Property Tax" or "Incremental Property Taxes" are derived from the increase in the current EAV of real property within the redevelopment project area over and above the "Certified Initial EAV" of such real property. Any increase in EAV is then multiplied by the current tax rate which results in Incremental Property Taxes. A decline in current EAV does not result in a negative Incremental Property Tax.

To finance redevelopment project costs, a municipality may issue obligations secured by Incremental Property Taxes to be generated within the project area. In addition, a municipality may pledge towards payment of such obligations any part or any combination of the following: (a) net revenues of all or part of any redevelopment project, (b) taxes levied and collected on any or all property in the municipality, (c) the full faith and credit of the municipality, (d) a mortgage on part or all of the redevelopment project, or (e) any other taxes or anticipated receipts that the municipality may lawfully pledge.

Tax increment financing does not generate tax revenues by increasing tax rates, it generates revenues by allowing the municipality to capture, temporarily, the new tax revenues produced by the enhanced valuation of properties resulting from the municipality's redevelopment program, improvements and activities, various redevelopment projects, and the reassessment of properties. Under TIF, all taxing districts continue to receive property taxes levied on the initial valuation of properties within the redevelopment project area. Additionally, taxing districts can receive distributions of excess Incremental Property Taxes when annual Incremental Property Taxes received exceed principal and interest obligations for that year and redevelopment project costs necessary to implement the redevelopment plan have been paid. Taxing districts also benefit from the increased property tax base after redevelopment project costs and obligations are paid.

C. The Redevelopment Plan for the Canal/Congress Tax Increment Financing Redevelopment Project Area

As evidenced in *Section VI*, the Project Area as a whole has not been subject to growth and development through private investment. Furthermore, it is not reasonable to expect that the Project Area as a whole will be redeveloped without the use of TIF.

TPAP and RMCA have prepared the Canal/Congress Tax Increment Financing Redevelopment Plan and Project (the "Redevelopment Plan") and the related eligibility study with the understanding that the City would rely on (1) the findings and conclusions of the Redevelopment Plan

and the related eligibility study in proceeding with the designation of the Redevelopment Plan, and (ii) the fact that TPAP and RMCA have obtained the necessary information so that the Redevelopment Plan and the related eligibility study will comply with the Act

This Redevelopment Plan has been formulated in accordance with the provisions of the Act and is intended to guide improvements and activities within the Project Area in order to stimulate private investment in the Project Area. The goal of the City, through implementation of this Redevelopment Plan, is that the entire Project Area be revitalized on a comprehensive and planned basis to ensure that private investment in rehabilitation and new development occurs

- 1 On a coordinated rather than piecemeal basis to ensure that land use, access and circulation, parking, public services and urban design are functionally integrated and meet present-day principles and standards, and
- 2 On a reasonable, comprehensive and integrated basis to ensure that the factors of blight and conservation are eliminated, and
- 3 Within a reasonable and defined time period so that the Project Area may contribute productively to the economic vitality of the City

Redevelopment of the Project Area will constitute a large and complex endeavor, and presents challenges and opportunities commensurate with its scale. The success of this redevelopment effort will depend to a large extent on the cooperation between the private sector and agencies of local government. Adoption of this Redevelopment Plan will make possible the implementation of a comprehensive program for redevelopment of the Project Area. By means of public investment, the Project Area will become a stable environment that will again attract private investment. Public investment will set the stage for area-wide redevelopment by the private sector. Through this Redevelopment Plan, the City will serve as the central force for directing the assets and energies of the private sector to ensure a unified and cooperative public-private redevelopment effort.

This Redevelopment Plan sets forth the overall "Redevelopment Project" to be undertaken to accomplish the City's above-stated goal. During implementation of the Redevelopment Project, the City may, from time to time (i) undertake or cause to be undertaken public improvements and activities; and (ii) enter into redevelopment agreements with private entities to construct, rehabilitate, renovate or restore private improvements on one or several parcels (collectively referred to as "Redevelopment Projects")

This Redevelopment Plan specifically describes the Project Area and summarizes the conservation area factors which qualify the Project Area as a "conservation area" as defined in the Act.

Successful implementation of this Redevelopment Plan requires that the City utilize Incremental Property Taxes and other resources in accordance with the Act to stimulate the comprehensive and coordinated development of the Project Area. Only through the utilization of TIF will the Project Area develop on a comprehensive and coordinated basis, thereby eliminating

the existing and threatened blight and conservation area conditions which have limited development of the Project Area by the private sector

The use of Incremental Property Taxes will permit the City to direct, implement and coordinate public improvements and activities to stimulate private investment within the Project Area. These improvements, activities and investments will benefit the City, its residents, and all taxing districts having jurisdiction over the Project Area. These anticipated benefits include

- An increased property tax base arising from new business and residential development and the rehabilitation of existing buildings
- An increased sales tax base resulting from new and existing retail development
- An increase in construction, business, retail, commercial, and other full-time employment opportunities for existing and future residents of the City.
- The construction of an improved system of roadways, utilities and other infrastructure which better serves existing businesses and adequately accommodates desired new development

II. LEGAL DESCRIPTION AND PROJECT BOUNDARY

The boundaries of the Project Area have been drawn to include only those contiguous parcels of real property and improvements substantially benefited by the proposed Redevelopment Project to be undertaken as part of this Redevelopment Plan. The boundaries of the Project Area are shown in Figure 1, *Project Boundary*, and are generally described below:

The Project Area is generally bounded on the north by Madison, Monroe and Adams Streets, on the south by Congress Parkway and Harrison Street, on the east by Clinton and Canal Streets and the South Branch of the Chicago River, and on the west by the Kennedy Expressway and Desplaines Street.

The boundaries of the Project Area are legally described in Exhibit I at the end of this report.

III. ELIGIBILITY CONDITIONS

The results summarized in this section are more fully described in a separate report which presents the definition, application and extent of the conservation and blight factors in the Project Area. The report, prepared by RMCA with assistance from TPAP is entitled "Canal/Congress Tax Increment Financing Eligibility Study," is attached as Exhibit IV to this Redevelopment Plan

Based upon surveys, inspections and analyses of the Project Area, the Project Area qualifies as a "conservation area" within the requirements of the Act. Fifty percent (50%) or more of the buildings in the Project Area have an age of 35 years or more, and the Project Area is characterized by the presence of a combination of three or more of the conservation factors listed in the Act, rendering the Project Area detrimental to the public safety, health and welfare of the citizens of the City. The Project Area is not yet a blighted area, but it may become a blighted area. Specifically,

- Of the 33 buildings in the Project Area, 30 buildings (91 %) are 35 years of age or older
- Of the remaining 14 factors set forth in the Act for conservation areas, nine factors are found to be present
- Six of the nine factors found to be present are found to be present to a major extent and are reasonably distributed throughout the Project Area. These factors include obsolescence, deterioration, structures below minimum code, excessive vacancies, depreciation of physical maintenance and lack of community planning
- Three of the nine factors found to be present area found to be present to a limited extent. These factors include dilapidation, lack of light, ventilation and sanitary facilities, and deleterious land use or layout
- All blocks within the Project Area show the presence of conservation factors
- The Project Area includes only real property and improvements thereon substantially benefited by the proposed redevelopment project improvements

A. Surveys and Analyses Conducted

The conservation and blight factors found to be present in the Project Area are based upon surveys and analyses conducted by RMCA and TPAP. The surveys and analyses conducted for the Project Area include

- 1 Exterior survey of the condition and use of each building,

2. Interior building survey of the interior condition and use of 24 of the 32 buildings (interior access for 9 buildings was not available),
3. Site surveys of streets, alleys, sidewalks, curbs and gutters, lighting, parking facilities, landscaping, fences and walls, and general property maintenance,
4. Analysis of existing uses and their relationships,
5. Comparison of interior and exterior building conditions to property maintenance codes of the City,
6. Analysis of current parcel configuration and building size and layout,
7. Analysis of vacant sites and vacant buildings,
8. Analysis of building floor area and site coverage;
9. Analysis of building permits issued for the Project Area from January 1993 to May 1998;
10. Analysis of building code violations for the Project Area from January 1993 to May 1998; and
11. Review of previously prepared plans, studies, policies and data

IV. REDEVELOPMENT GOALS AND OBJECTIVES

Comprehensive and coordinated area-wide investment in new public and private improvements and facilities is essential for the successful redevelopment of the Project Area and the elimination of conditions that have impeded redevelopment of the Project Area in the past. Redevelopment of the Project Area will benefit the City through improvements in the physical environment, an increased tax base, and additional employment opportunities

This section identifies the general goals and objectives adopted by the City for redevelopment of the Project Area. Section V presents more specific objectives for development and design within the Project Area and the redevelopment activities the City plans to undertake to achieve the goals and objectives presented in this section.

A. General Goals

Listed below are the general goals adopted by the City for redevelopment of the Project Area. These goals provide overall focus and direction for this Redevelopment Plan.

1. An improved quality of life in the Project Area and the surrounding community
2. Elimination of the influences and manifestations of physical and economic deterioration and obsolescence within the Project Area
3. An environment which will contribute more positively to the health, safety and general welfare of the Project Area and the surrounding community
4. An environment which will preserve or enhance the value of properties within and adjacent to the Project Area
5. An increased real estate and sales tax base for the City and other taxing districts having jurisdiction over the Project Area
6. The retention and enhancement of sound and viable existing businesses and industries within the Project Area.
7. The attraction of new business, commercial, retail, light industrial, institutional and residential development and the creation of new job opportunities within the Project Area
8. Employment of residents within the Project Area and within the adjacent communities in jobs in the Project Area and in adjacent redevelopment project areas. When appropriate, developers and businesses should avail themselves to local community groups and training institutions to identify, pre-screen and provide pre-employment training to local residents.

B. Redevelopment Objectives

Listed below are the redevelopment objectives which will guide planning decisions regarding redevelopment within the Project Area

- 1 Reduce or eliminate those conditions which qualify the Project Area as a conservation area
These conditions are described in detail in Exhibit IV to this Redevelopment Plan.
- 2 Strengthen the economic well-being of the Project Area by increasing taxable values
- 3 Assemble or encourage the assembly of land into parcels of appropriate shape and sufficient size for redevelopment in accordance with this Redevelopment Plan
- 4 Create an environment which stimulates private investment in the upgrading and expansion of existing businesses and the construction of new business, residential and commercial facilities.
- 5 Encourage visually attractive buildings, rights-of-way and open spaces and encourage high standards of design, including river edge amenities where appropriate
- 6 Rehabilitate and enhance historically significant buildings within the Project Area
- 7 Provide needed improvements and facilities in proper relationship to the projected demand for such facilities and in accordance with present-day design standards for such facilities
- 8 Provide needed incentives to encourage a broad range of improvements in business retention, rehabilitation and new development
- 9 Establish job readiness and job training programs to provide residents within the Project Area and within the surrounding adjacent communities with the skills necessary to secure jobs in the Project Area and in adjacent redevelopment project areas
- 10 Secure commitments from employers in the Project Area and adjacent redevelopment project areas to interview graduates of the Project Area's job readiness and job training programs
- 11 Create new job opportunities for City residents utilizing first source hiring programs and appropriate job training programs
- 12 Provide opportunities for women and minority businesses to share in the redevelopment of the Project Area

V. REDEVELOPMENT PROJECT

This section presents the Redevelopment Project anticipated to be undertaken by the City and by private entities on behalf of the City in furtherance of this Redevelopment Plan. Several previous plans and policies, including the 1973 *Chicago 21 Plan*, the 1985 *Report of The West Loop Task Force*, the 1990 *West Loop Development Plan Executive Summary*, the November 1993 draft report, *The West Loop Development Plan and Executive Summary, Downtown Parking Policies*, City of Chicago, 1989, *Guidelines for Transit-Supportive Development*, CTA, 1996, and the *Mayor's Parking Task Force Report*, City of Chicago, 1997 have been reviewed and form the basis for many of the recommendations presented in this Redevelopment Plan.

The Redevelopment Project described in this Redevelopment Plan and pursuant to the Act includes a) the overall redevelopment concept, b) the land use plan, c) improvement and development recommendations for planning subareas, d) development and design objectives, e) a description of redevelopment improvements and activities, f) estimated redevelopment project costs, g) a description of sources of funds to pay estimated redevelopment project costs, h) a description of obligations that may be issued, and i) identification of the most recent EAV of properties in the Project Area and an estimate of future EAV.

A. Overall Redevelopment Concept

The Project Area should be redeveloped as a cohesive and distinctive business and residential district that functions as part of the central business district and serves as a link between the Loop and the Near West Side Communities. It should consist of residential and business uses offering a range of site development opportunities, commercial uses that serve and support surrounding neighborhoods and employment centers, and a range of public facilities, open spaces and pedestrian amenities. The river's edge should be improved and enhanced as an open space amenity and river walkway.

The Project Area should be redeveloped as a mixed use district. Within the Project Area, viable existing businesses should be retained and enhanced, and new business, institutional, government, transportation, residential, and retail development should be undertaken in the existing vacant or underutilized properties within the Project Area.

The entire Project Area should be marked by improvements in safety and infrastructure, retention and expansion of jobs and businesses, new business and residential development, and enhancement of the area's overall image and appearance. Improvement projects should include

the rehabilitation and reuse of existing office, warehouse, industrial and commercial buildings, new office, residential and commercial construction, street and infrastructure improvements, creation of open space, landscaping and other appearance enhancements, and the provision of new amenities which both businesses and residents expect to find in a contemporary mixed use urban neighborhood

The Project Area should have good accessibility and should be served by a street system and public transportation facilities that provide safe and convenient access to and circulation within the Project Area

The Project Area should be characterized by a planned network of open spaces and public amenities which will organize and provide focus to the Project Area. An open space network should be created which links business centers, retail, residential development, open spaces, the river front, landscaped streets and surrounding amenities.

The Project Area should have a coherent overall design and character. Individual developments should be visually distinctive and compatible. The Project Area should respect the City's traditional downtown business district form which is characterized by a grid pattern of streets with buildings facing the street and located at or very near the front property line.

B. Land Use Plan

Figure 2 presents the Land-Use Plan that will be in effect upon adoption of this Redevelopment Plan.

The Project Area's strategic location directly west of the Loop and east of Greek Town and the Kennedy and Eisenhower Expressways, creates an environment suitable for a mix of land uses. As indicated in Figure 2, the mix of land uses include office, retail, residential, entertainment, cultural, government, institutional, open space and transportation. Several key factors have contributed to the appropriateness of the mixed use district within the Project Area and are listed below:

- 1 Adjacency to the Loop allows for an incremental expansion of the Loop while maintaining the compactness of the central business district.
- 2 Proximity to the expressways, commuter rail lines, numerous CTA bus routes, CTA Subway Station and the Loop has made the Project Area attractive for residential development, loft conversions, office and institutional developments.
- 3 Retail, entertainment, restaurants and open spaces are requisites for creating a viable urban neighborhood and attracting prospective residents and office tenants.

The combination of all the above uses creates a viable urban district full of energy and life, enabling a smooth transition between the densely developed Loop and the less dense Near West Side. A mixed-use district will establish a gradual functional and physical transition from the Loop's office towers to the surrounding neighborhoods.

The Land Use Plan highlights numerous opportunities for mixed use improvement, enhancement and new development within the Project Area. The Plan is focused on maintaining and enhancing sound and viable existing businesses, and promoting new business and residential development at selected locations.

Recommended land use strategies for specific subareas are presented in the following section of this Redevelopment Plan.

C. Planning Subareas

The Project Area has been subdivided into five (5) subareas, each of which would be suitable for a different mix of uses and intensity of development, and each of which warrants a different approach to improvement and redevelopment (See Figure 3).

It should be emphasized that the boundaries of these subareas and the specification of uses within the subareas are for guidance only, and are subject to refinement and modification as a part of the City's planned development process.

Key recommendations for individual subareas are highlighted below. More specific development and design objectives for the Project Area are presented in a following section of this Redevelopment Plan.

Subarea A

Subarea A encompasses the northern portion of the Project Area and is generally bounded by the Kennedy Expressway on the west, Jefferson Street on the east, the alley south of Washington Street and Monroe Street on the north, and Adams Street on the south. The existing land uses include surface parking lots, a wall-paper distribution facility, and a restaurant.

As additional residential development occurs within and near the Project Area, open space, park facilities, a community center and educational institutions will be needed to serve the growing residential population. Subarea A is recommended for such uses. Currently there are no park facilities or community facilities within the Project Area or surrounding neighborhoods. Open space is designated in Figure 2 *Land Use Plan* for the block bounded by Monroe Street on the north, Adams Street on the south, Desplaines Street on the west and Jefferson Street on the east. In the event that an alternative location is developed as

open space, the designated block may be developed according to the land uses recommended for adjacent properties within the Mixed-Use District illustrated in Figure 2

The current use of surface parking could be easily converted to open space and public uses. New facilities in this location would be easily accessible to the adjacent residences in Presidential Towers, St. Patrick's School, existing office buildings, and future residential and office developments. Also, if future development increases the demand for community facilities and services, Subarea A could serve as a possible development site for a community center.

Because Subarea A is adjacent to exits off the Kennedy Expressway, it is encouraged that long-term parking facilities be maintained and improved. Locating parking for downtown commuters on the periphery of downtown will help prevent heavy traffic congestion within the Loop.

Subarea B

Subarea B encompasses three areas within the Project Area. The first area is located at the northern end of the Project, and is generally bounded by Monroe Street on the north, Jefferson Street on the west, Adams Street on the south, and Clinton Street on the east. The second area is the central portion of the Project Area, and is generally bounded by Adams Street on the north, Desplaines Street on the west, Harrison Street on the south, and Canal Street on the east. The third area includes the vacant building located at the northeast corner of Canal and Jackson Streets.

Subarea B currently contains a mix of uses. Major existing uses include a number of office buildings ranging from one to ten stories, warehouse activity, several restaurants, various business service operations, a parking garage, a furniture outlet store, a barber, and surface parking lots. The Clinton/Harrison "Blue" Line Subway Station is located under Congress Parkway; this facility should be maintained and upgraded and more attractive passenger access should be provided from the north and south. The existing underground pedway system within the subarea should be extended to connect major transit facilities and future development within the surrounding area, providing access during inclement weather.

Subarea B is an older, established business area which has good regional accessibility and visibility, as well as access to the rail and public transit systems. While it is essentially built up, it does include several relatively large office buildings that are vacant or are not fully occupied and there are several surface parking lots within the subarea that should eventually be redeveloped into a higher use. However, since the surface parking lots located underneath Congress Parkway and the interchange utilize undevelopable space, they should be maintained and upgraded. In addition, there also are several marginal, obsolete and severely deteriorated properties that should be redeveloped.

Subarea B is recommended for a mix of uses including office, retail, entertainment, residential, hotels, institutional and open space. Retail and entertainment should be located on the first and second floors of the buildings to create a pedestrian-oriented environment and to help activate the street. If underutilized buildings are not needed for office or warehouse use, loft conversion is recommended.

Subarea C

Subarea C encompasses Union Station and is bounded by Adams Street on the north, Canal Street on the east, Clinton Street on the west, and Jackson Street on the south.

Union Station has been highlighted as a separate subarea because it serves a distinct purpose and possesses significant development potential. Union Station is a transportation hub for Amtrak and Metra rail lines and is the destination and departure point for thousands of commuters and intercity travelers on a daily basis. However, most of this activity is taking place on the underground levels of Union Station while the upper levels are predominantly vacant and poorly maintained. If sufficiently rehabilitated, Union Station represents a significant redevelopment opportunity.

Possible uses for Subarea C include retail, entertainment, cultural uses, transportation, restaurants, office, and hotel facilities. Union Station should be rehabilitated and maintained because it contributes to the architectural character of the Project Area and surrounding area. The rehabilitation of Union Station should take into consideration the future needs of both Amtrak and Metra passengers. Sufficient space for passenger facilities should be identified.

Subarea D

Subarea D encompasses the central west portion of the Project Area and is generally bounded by Gladys Street on the north, the Kennedy and Eisenhower Expressways on the west, Congress Parkway on the south, and Desplaines Street on the east. The existing uses are a pump house, vacant land, a fire station, a parking lot for an auto dealer, and a vacant substandard building.

The majority of Subarea D is poorly maintained and contains vacant land and marginal properties. These properties should be redeveloped for new business use, open space, a gateway to the West Loop, parking, CTA bus terminals or bus turnarounds to discourage bus queuing on surrounding streets. The existing fire station should be upgraded and maintained to sufficiently serve existing and future development within the Project Area and surrounding area. Because of the presence of the adjacent expressway, the majority of the property in Subarea D has limited size and a challenging configuration which lends itself to open space, a gateway to the West Loop, parking, and small-scale development.

Subarea E

Subarea E encompasses the former Main Post Office and is generally bounded by Van Buren Street on the north, Canal Street on the west, Harrison Street on the south, and the Chicago River on the east

After postal operations relocated to a new facility at Canal Street and Polk Street, the former Main Post Office has been vacant for about four years. This architecturally significant building which was built between 1921 and 1933, offers over 2.4 million square feet of space which is available for reuse or redevelopment. Because of the sheer magnitude of the this property, it is recommended that the building be redeveloped as a mixed-use development since no one single use is likely to effectively utilize the available space. Within this mixed use framework, a multitude of uses would be appropriate including office, retail, residential, entertainment, cultural, transportation, warehousing, institutional and government. The feasibility of a new entrance to the Clinton/Congress rapid transit station should be considered in future plans.

Track level platforms beneath the Post Office should be retained to provide sufficient capacity for the future growth in commuter rail and intercity service. Portions of the Post Office building, especially the former Post Office lobby, could be used for future passenger facilities if proposals by Illinois and other Midwestern states for expanded intercity rail service are realized. An interagency task force should be formed to recommend a comprehensive approach to rail terminal issues and their relation to development plans.

The enhancement of the Chicago River corridor in this subarea should be encouraged. Possible amenities should include a river walkway and a river gateway park at dock level.

D. Development And Design Objectives

Listed below are the specific Development and Design Objectives which will assist the City in directing and coordinating public and private improvement and investment within the Project Area in order to achieve the general goals and objectives identified in *Section IV* of this Redevelopment Plan.

The Development and Design Objectives are intended to help attract a variety of desirable uses such as new business, institutional, commercial and residential development, foster a consistent and coordinated development pattern, and create an attractive urban identity for the Project Area.

a) Land Use

- Promote comprehensive, area-wide redevelopment of the Project Area as a planned mixed-use district, allowing a wide range of business, residential, retail, commercial services, public and institutional uses.
- Promote business retention and new employment development throughout the Project Area
- Encourage the clustering of similar and supporting commercial uses to promote cumulative attraction and multi-stop shopping
- Promote convenience retail and service uses that can provide for the day-to-day needs of nearby residents, employees and business patrons

b) Building and Site Development

- Where feasible, repair and rehabilitate existing buildings in poor condition
- Where rehabilitation is not feasible, demolish deteriorated existing buildings to allow for new development
- Reuse vacant buildings in serviceable condition for new businesses, residential uses, or mixed-use development
- Ensure that the design of new buildings is compatible with the surrounding building context
- Preserve buildings with historic and architectural value where appropriate
- Locate building service and loading areas away from front entrances and major streets where possible
- Encourage parking, service, loading and support facilities which can be shared by multiple businesses
- Encourage retail, entertainment, and restaurants on the first and second floors of buildings to create a pedestrian-oriented environment
- Improve the design and appearance of commercial storefronts, including facade treatment, color, materials, awnings and canopies, and commercial signage.

c) Transportation and Infrastructure

- Ensure safe and convenient access to and circulation within the Project Area for pedestrians, bicyclists, autos, trucks and public transportation

- Alleviate traffic congestion along arterial routes through limited driveways, shared loading zones, efficient bus stop spacing and traffic management improvements
- Improve the street surface conditions, street lighting, and traffic signalization
- Promote “transit-friendly” developments that incorporate transit facilities into their design
- Create small “arrival” places or mini-plazas at the entrances to transit subway stations
- Provide well-defined, safe pedestrian connections between developments within the Project Area and nearby destinations
- Promote the development of river edge amenities and provide a continuous pedestrian corridor along the river
- Extend the underground pedway system to connect major transit facilities, providing access during inclement weather
- Upgrade public utilities and infrastructure as required
- Protect passenger rail infrastructure and maintain flexibility to allow for growth in intercity and commuter rail transportation, develop plans that have flexibility to meet future needs
- Protect track and platform capacity under Union Station and the old Post Office for expanded rail operations, including high - speed rail service

d) Parking

- Ensure that all commercial/retail businesses are served by an adequate supply of conveniently located parking
- Maintain curb parking on selected streets to serve the retail and commercial businesses
- Promote shared parking through cooperative arrangements between businesses which would permit existing parking lots to be used by neighboring businesses during off-peak periods
- Ensure that parking lots are attractively designed and adequately maintained
- Promote the use of ground floor space within parking structures for retail or service businesses

e) Urban Design

- Provide new pedestrian-scale lighting in areas with intense pedestrian activity
- Provide new street trees and accent lighting where space permits
- Promote high quality and harmonious architectural and landscape design within the mixed use district
- Enhance the appearance of the Project Area by landscaping the major street corridors
- Provide distinctive design features, including landscaping and signage, at the major entryways into the Project Area.
- Install streetpole banners throughout the Project Area to signal revitalization and reinvestment
- Clean-up and maintain vacant land, particularly in highly visible locations, where possible, use vacant lots for open space or pocket parks
- Promote the development of “public art” at selected locations

f) Landscaping and Open Space

- Promote the use of landscaping to screen dumpsters, waste collection areas, and the perimeter of parking lots and other vehicular use areas
- Use landscaping and attractive fencing to screen loading and service areas from public view
- Promote a continuous landscaped open space area along the river corridor
- Promote the development of shared open spaces within the Project Area, including courtyards, eating areas, recreational areas, etc
- Ensure that all open spaces are designed, landscaped and lighted to achieve a high level of security.
- Ensure that all landscaping and design materials comply with the City of Chicago Landscape Ordinance

E. Redevelopment Improvements and Activities

The City proposes to achieve its redevelopment goals and objectives for the Project Area through the use of public financing techniques including, but not limited to, tax increment fi-

nancing, to undertake some or all of the activities and improvements authorized under the Act, including the activities and improvements described below. The City also maintains the flexibility to undertake additional activities and improvements authorized under the Act, if the need for activities or improvements change as redevelopment occurs in the Project Area.

The City may enter into redevelopment agreements with public or private entities for the furtherance of this Redevelopment Plan. Such redevelopment agreements may be for the assemblage of land; the construction, rehabilitation, renovation or restoration of improvements or facilities; the provision of services, or any other lawful purpose. Redevelopment agreements may contain terms and provisions which are more specific than the general principles set forth in this Redevelopment Plan and which include affordable housing requirements as described below.

It is City policy to require that developers who receive TIF assistance for market rate housing set aside 20 percent of the units or commit to an alternative affordable housing option pursuant to Department of Housing Guidelines to meet affordability criteria established by the City's Department of Housing. Generally, this means the affordable for-sale units should be priced at a level that is affordable to persons earning no more than 120 percent of the area median income, and affordable rental units should be affordable to persons earning no more than 80% of the area median income.

1. Property Assembly

To meet the goals and objectives of this Redevelopment Plan, the City may acquire and assemble property throughout the Project Area. Land assemblage by the City may be by purchase, exchange, donation, lease or eminent domain and may be for the purpose of (a) sale, lease or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Furthermore, the City may require written redevelopment agreements with developers before acquiring any properties.

Figure 4, *Land Acquisition Overview Map*, indicates the area currently proposed to be acquired for clearance and redevelopment in the Project Area. Figure 4a, *Land Acquisition by Block & Parcel Identification Number* illustrates the acquisition properties in more detail.

In connection with the City exercising its power to acquire real property not currently identified on the following Acquisition Map, including the exercise of the power of eminent domain, under the Act in implementing the Redevelopment Plan, the City will follow its customary procedures of having each such acquisition recommended by the Community Development Commission (or any successor commission) and

authorized by the City Council of the City. Acquisition of such real property as may be authorized by the City Council does not constitute a change in the nature of this Plan

Land acquisition activities pursuant to the Land Acquisition Map will be initiated by the City within five years of the date of adoption of the Plan by the City.

As appropriate, the City may devote acquired property to temporary uses until such property is scheduled for disposition and redevelopment. The City may demolish improvements, remove and grade soils and prepare sites with soils and materials suitable for new construction. Clearance and demolition will, to the greatest extent possible, be timed to coincide with redevelopment activities so that tracts of land do not remain vacant for extended periods and so that the adverse effects of clearance activities may be minimized.

The City may (a) acquire any historic structure (whether a designated City or State landmark or on, or eligible for, nomination to the National Register of Historic Places), (b) demolish any non-historic feature of such structure, and (c) incorporate any historic structure or historic feature into a development on the subject property or adjoining property.

2. Relocation

In the event that active businesses or other occupants are displaced by the public acquisition of property, they may be relocated and may be provided with financial assistance and advisory services. Relocation services in conjunction with property acquisition will be provided in accordance with City policy.

3. Provision of Public Works or Improvements

The City may provide public improvements and facilities that are necessary to service the Project Area in accordance with this Redevelopment Plan and the comprehensive plan for development of the City as a whole. Public improvements and facilities may include, but are not limited to, the following:

a) Streets and Utilities

A range of individual roadway, utility and related improvement projects, from repair and resurfacing to major construction or reconstruction, may be undertaken.

b) *Parks and Open Space*

Improvements to existing or future parks, river walkways, open spaces and public plazas may be provided, including the construction of pedestrian walkways, stairways, lighting, landscaping and general beautification improvements may be provided for the use of the general public

c) *Transportation Infrastructure*

Improvements and/or expansion of the existing CTA Transit Subway Station at Harrison Street and Clinton Street may be provided to support the increased demand resulting from future development within the Project Area

Extension of the underground pedway system to connect major transit facilities within the Project Area, providing access during inclement weather, may be undertaken.

4. *Rehabilitation of Existing Buildings*

The City will encourage the rehabilitation of buildings that are basically sound and/or historically significant, and are located so as not to impede the Redevelopment Project

5. *Job Training and Related Educational Programs*

Separate or combined programs designed to increase the skills of the labor force to meet employers' hiring needs and to take advantage of the employment opportunities within the Project Area may be implemented

6. *Taxing Districts Capital Costs*

The City may reimburse all or a portion of the costs incurred by certain taxing districts in the furtherance of the objectives of this Redevelopment Plan

7. *Interest Subsidies*

Funds may be provided to redevelopers for a portion of interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that

- (a) such costs are to be paid directly from the special tax allocation fund established pursuant to the Act,
- (b) such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with respect to the redevelopment project during that year,

- (c) if there are not sufficient funds available in the special tax allocation fund to make the payment, then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund, and
- (d) the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the total (i) costs paid or incurred by a redeveloper for a redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the City pursuant to the Act

8. Analysis, Administration, Studies, Surveys, Legal, etc.

The City may undertake or engage professional consultants, engineers, architects, attorneys, etc to conduct various analyses, studies, surveys, administration or legal services to establish, implement and manage this Redevelopment Plan.

F. Redevelopment Project Costs

The various redevelopment expenditures which are eligible for payment or reimbursement under the Act are reviewed below. Following this review is a list of estimated redevelopment project costs which are deemed to be necessary to implement this Redevelopment Plan (the "Redevelopment Project Costs")

1. Eligible Redevelopment Project Costs

Redevelopment project costs include the sum total of all reasonable or necessary costs incurred, estimated to be incurred, or incidental to this Redevelopment Plan pursuant to the Act. Such costs may include, without limitation, the following:

- 1) Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including but not limited to, staff and professional service costs for architectural, engineering, legal, marketing, financial, planning or other services, provided that no charges for professional services are based on a percentage of the tax increment collected,
- 2) Property assembly costs, including but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land,
- 3) Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings and fixtures,
- 4) Costs of the construction of public works or improvements;
- 5) Costs of job training and retraining projects,

- 6) Financing costs including, but not limited to, all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding 36 months following completion and including reasonable reserves related thereto,
- 7) All or a portion of a taxing district's capital costs resulting from a redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment plan and project to the extent the municipality by written agreement accepts and approves such costs,
- 8) Relocation costs to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law,
- 9) Payment in lieu of taxes as defined in the Act,
- 10) Costs of job training, advanced vocational education or career education, including but not limited to, courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs (1) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a redevelopment project area, and (11) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken including but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40, and 3-40 1 of the Public Community College Act and by school districts of costs pursuant to Sections 10-22 20a and 10-23.3a of the School Code,
- 11) Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that
 - 1 such costs are to be paid directly from the special tax allocation fund established pursuant to this Act,
 - 2 such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year,

- 3 if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this provision, then the amount so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund, and
 - 4 the total of such interest payments incurred pursuant to this Act may not exceed 30 percent of the total (i) costs paid or incurred by the redeveloper for such redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to this Act
- 12) Unless explicitly provided in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost

If a special service area has been established pursuant to the Special Service Area Tax Act, 35 ILCS 235/0 01 *et seq* then any tax increment revenues derived from the tax imposed pursuant to the Special Service Area Tax Act may be used within the redevelopment project area for the purposes permitted by the Special Service Area Tax Act as well as the purposes permitted by the Act

2. **Estimated Redevelopment Project Costs**

A range of redevelopment activities and improvements will be required to implement this Redevelopment Plan. The activities and improvements and their estimated costs are set forth in Exhibit II of this Redevelopment Plan. All estimates are based on 1998 dollars. Funds may be moved from one line item to another or to an eligible cost category described in this Plan.

Redevelopment Project Costs described in this Redevelopment Plan are intended to provide an upper estimate of expenditures. Within this upper estimate, adjustments may be made in line items without amending this Redevelopment Plan.

G. Sources of Funds to Pay Redevelopment Project Costs

Funds necessary to pay for Redevelopment Project Costs and secure municipal obligations issued for such costs are to be derived primarily from Incremental Property Taxes. Other sources of funds which may be used to pay for Redevelopment Project Costs or secure municipal obligations are land disposition proceeds, state and federal grants, investment income, private financing and other legally permissible funds the City may deem appropriate. The City may incur redevelopment project costs which are paid for from funds of the City other than incremental taxes, and the City may then be reimbursed from such costs from incremental taxes. Also, the City may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers. Additionally, the City may utilize revenues, other

than State sales tax increment revenues, received under the Act from one redevelopment project area for eligible costs in another redevelopment project area that is either contiguous to, or is separated only by a public right-of-way from, the redevelopment project area from which the revenues are received

The Project Area is contiguous to the River South TIF and is separated only by a public right of way from the Near West Tax Increment Financing Redevelopment Project Area and may, in the future, be contiguous or separated by only a public right of way to other redevelopment project areas created under the Act. The City may utilize net incremental property taxes received from the Project Area to pay eligible redevelopment project costs, or obligations issued to pay such costs, in other contiguous redevelopment project areas or project areas separated only by a public right of way, and vice versa. The amount of revenue from the Project Area made available to support such contiguous redevelopment project areas or those separated only by a public right of way, when added to all amounts used to pay eligible Redevelopment Project Costs within the Project Area, shall not at any time exceed the total Redevelopment Project Costs described in this Redevelopment Plan.

The Project Area may become contiguous to, or be separated only by a public right of way from, redevelopment project areas created under the Industrial Jobs Recovery Law (65 ILCS 5/11-74 6-1, et seq.). If the City finds that the goals, objectives and financial success of such contiguous redevelopment project areas or those separated only by a public right of way are interdependent with those of the Project Area, the City may determine that it is in the best interests of the City and in furtherance of the purposes of the Redevelopment Plan that net revenues from the Project Area be made available to support any such redevelopment project areas. The City therefore proposes to utilize net incremental revenues received from the Project Area to pay eligible redevelopment project costs (which are eligible under the Industrial Jobs Recovery Law referred to above) in any such areas and vice versa. Such revenues may be transferred or loaned between the Project Area and such areas. The amount of revenue from the Project Area so made available, when added to all amounts used to pay eligible Redevelopment Project Costs within the Project Area or other areas as described in the preceding paragraph, shall not at any time exceed the total Redevelopment Project Costs described in Table 1 of this Redevelopment Plan.

H. Issuance of Obligations

The City may issue obligations secured by Incremental Property Taxes pursuant to Section 11-74 4-7 of the Act. To enhance the security of a municipal obligation, the City may pledge its full faith and credit through the issuance of general obligation bonds. Additionally, the City may provide other legally permissible credit enhancements to any obligations issued pursuant to the Act.

All obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired within 23 years from the adoption of the ordinance approving the Project Area and the Re-

VI. LACK OF GROWTH AND DEVELOPMENT THROUGH INVESTMENT BY PRIVATE ENTERPRISE

As described in *Section III* of this Redevelopment Plan, the Project Area as a whole is adversely impacted by the presence of numerous conservation and blight factors, and these factors are reasonably distributed throughout the Project Area. Conservation and blight factors within the Project Area are widespread and represent major impediments to sound growth and development.

The decline of and the lack of private investment in the Project Area are evidenced by the following:

Physical Condition of the Project Area

- The Project Area is characterized by age (91% of the buildings are 35 years or older), obsolescence, deterioration, structures below minimum code specifications, excessive vacancies, depreciation of physical maintenance, and an overall lack of community planning.
- In over five years between January 1993 and May 1998 the City's Building Department issued 18 building code violations to 18 different buildings within the Project Area. This is 56% of the total buildings within the Project Area.
- A majority of the Project Area's infrastructure (i.e. streets, alleys, curbs and gutters, street lighting and sidewalks) needs major repair or replacement.

Lack of New Construction and Renovation by Private Enterprise

- Within the last five years, no new buildings have been built in the Project Area. In this same time period, only three of the 32 buildings in the Project Area indicated significant building permit costs. The total building permit cost for these three buildings is \$2,034,080. Seventy-four percent (74%) of the total cost is attributable to interior renovations to the vacant hotel located at Harrison Street and Canal Street. Overall, the investment is very limited and scattered having little to no impact on the Project Area.
- Five warehouse structures have been demolished between January 1, 1993 and May 20, 1998 within the Project Area. This indicates a decline in business activity in the Project Area since these demolitions have not been replaced with new construction and the current use of the properties are surface parking lots.

- The costs associated with the adaptive reuse of the former Main Post Office which have historically been prohibitive in nature are prohibitive, especially for its size and magnitude of the historic buildings. These extraordinary costs rule out private investment by most developers.
- The costs associated with the adaptive reuse of the vacant building located at 444 W. Jackson Street are also prohibitive due to the design of the building. Since the building was specifically built to be a trading area, the design of the building does not lend itself to be easily converted into office space. Essentially, the building is an empty shell, obsolete in its design and space due to the excessive ceiling heights and open floors and contains interior components in a partially demolished condition and an obsolete mechanical system. The building's obsolete design, coupled with years of deferred maintenance, requires significant investment and rehabilitation to adapt the building for a marketable use.
- The architecturally and historically significant former Main Post Office facility will require substantial investment to preserve the structures, including the renovation and restoration of the exterior facades, replacement of windows, doors, masonry and all other exterior elements.
- Extensive sidewalk repairs, street lighting, landscaping and other infrastructure improvements are necessary to transform the Project Area into a pedestrian-friendly environment.

In summary, the Project Area is not yet a blighted area, but is deteriorating and declining and may become a blighted area. The Project Area on the whole has not been subject to growth and development through investment by private enterprise. The Project Area would not reasonably be anticipated to be developed without the adoption of this Redevelopment Plan for the Project Area.

VII. FINANCIAL IMPACT

Without the adoption of the Redevelopment Plan and TIF, the Project Area is not reasonably expected to be redeveloped by private enterprise. In the absence of City-sponsored redevelopment initiatives, there is a prospect that conservation and blight factors will continue to exist and spread, and the Project Area on the whole and adjacent properties will become less attractive for the maintenance and improvement of existing buildings and sites. In the absence of City-sponsored redevelopment initiatives, erosion of the assessed valuation of property in and outside of the Project Area could lead to a reduction of real estate tax revenue to all taxing districts.

Section V of this Redevelopment Plan describes the comprehensive, area-wide Redevelopment Project proposed to be undertaken by the City to create an environment in which private investment can occur. The Redevelopment Project will be staged over a period of years consistent with local market conditions and available financial resources required to complete the various redevelopment improvements and activities as well as Redevelopment Projects set forth in this Redevelopment Plan. Successful implementation of this Redevelopment Plan is expected to result in new private investment in rehabilitation of buildings and new construction on a scale sufficient to eliminate problem conditions and to return the area to a long-term sound condition.

The Redevelopment Project is expected to have significant short- and long-term positive financial impacts on the taxing districts affected by this Redevelopment Plan. In the short-term, the City's effective use of TIF can be expected to stabilize existing assessed values in the Project Area, thereby stabilizing the existing tax base for local taxing agencies. In the long-term, after the completion of all redevelopment improvements and activities, Redevelopment Projects and the payment of all Redevelopment Project Costs and municipal obligations, the taxing districts will benefit from the enhanced tax base which results from the increase in EAV caused by the Redevelopment Projects.

VIII. DEMAND ON TAXING DISTRICT SERVICES

The following major taxing districts presently levy taxes against properties located within the Project Area

Cook County The County has principal responsibility for the protection of persons and property, the provision of public health services and the maintenance of County highways

Cook County Forest Preserve District The Forest Preserve District is responsible for acquisition, restoration and management of lands for the purpose of protecting and preserving open space in the City and County for the education, pleasure and recreation of the public

Metropolitan Water Reclamation District of Greater Chicago This district provides the main trunk lines for the collection of waste water from cities, villages and towns, and for the treatment and disposal thereof

Chicago Community College District 508 This district is a unit of the State of Illinois' system of public community colleges, whose objective is to meet the educational needs of residents of the City and other students seeking higher education programs and services

Board of Education of the City of Chicago General responsibilities of the Board of Education include the provision, maintenance and operations of educational facilities and the provision of educational services for kindergarten through twelfth grade. No public schools are located in the Project Area

Chicago Park District The Park District is responsible for the provision, maintenance and operation of park and recreational facilities throughout the City and for the provision of recreation programs. There are no parks located within the Project Area

Chicago School Finance Authority The Authority was created in 1980 to exercise oversight and control over the financial affairs of the Board of Education

City of Chicago The City is responsible for the provision of a wide range of municipal services, including police and fire protection, capital improvements and maintenance; water supply and distribution; sanitation service, building, housing and zoning codes, etc. A fire station is located within the Project Area and is illustrated in Figure 5, *Surrounding Community Facilities*

City of Chicago Library Fund General responsibilities of the Library Fund include the provision, maintenance and operation of the City's library facilities

In addition to the major taxing districts summarized above, the Chicago Urban Transportation District, and the City of Chicago Special Service Area 12 have taxing jurisdiction over part or all of the Project Area. The Chicago Urban Transportation District (formerly a separate taxing district from the City) no longer extend tax levies, but continues to exist for the purpose of receiving delinquent taxes

A. Impact of the Redevelopment Project

The replacement of vacant and underutilized properties with business, residential, and other development may cause increased demand for services and/or capital improvements to be provided by the Metropolitan Water Reclamation District, the City, the Board of Education and the Chicago Park District. The estimated nature of these increased demands for services on these taxing districts are described below

Metropolitan Water Reclamation District of Greater Chicago The replacement of vacant and underutilized properties with new development may cause increased demand for the services and/or capital improvements provided by the Metropolitan Water Reclamation District.

City of Chicago The replacement of vacant and underutilized properties with new development may increase the demand for services and programs provided by the City, including police protection, fire protection, sanitary collection, recycling, etc

Board of Education The addition of new households with school-aged children to the Project Area may increase the demand for services and programs provided by the Board of Education. No public schools are located within the boundaries of the Project Area. The nearest public schools are the William Jones Metropolitan High School, the Andrew Jackson Language Academy, Skinner Elementary School and the Whitney Young Magnet High School, the closest of which is located approximately one mile outside the boundaries of the Project Area. The locations of these schools are illustrated in Figure 5, *Surrounding Community Facilities*

A survey was recently completed of seven former industrial buildings in the greater South and West Loop areas which have been rehabilitated and converted to loft-type, residential developments (three rental buildings and four condominiums). Of the seven buildings surveyed, three contained households with children and four consisted solely of households with no children. Of the 655 total units within these seven buildings, only thirteen (2.0 percent) contained households with children. This preliminary survey did not identify the number of school-age children within the units that contained children. As these developments are believed to consist of units which are similar to the type proposed for the former warehouse and office buildings within the Project Area, it is expected that the households that may be added to the Project Area will contain few school-age children and that the impact of the Redevelopment Project on the Board of Education may be minimal.

Chicago Park District. The replacement of vacant and underutilized properties with residential, business and other development may increase the demand for services, programs and capital improvements provided by the Chicago Park District within and adjacent to the Project Area. These public services or capital improvements may include, but are not necessarily limited to, the provision of additional open spaces and recreational facilities by the Chicago Park District. Currently, there are no parks located within the Project Area. The nearest parks are Dearborn Park and Grant Park located approximately one mile east of the Project Area and Sheridan Park and Skinner Park located approximately one mile west of the Project Area. The locations of these parks are illustrated in Figure 5, *Surrounding Community Facilities*.

B. Program to Address Increased Demand for Services or Capital Improvements

The following activities represent the City's program to address increased demand for services or capital improvements provided by the impacted taxing districts.

- It is expected that any increase in demand for treatment of sanitary and storm sewage associated with the Project Area can be adequately handled by existing treatment facilities maintained and operated by the Metropolitan Water Reclamation District. Therefore, no special program is proposed for the Metropolitan Water Reclamation District.
- It is expected that any increase in demand for City services and programs associated with the Project Area can be adequately handled by existing City, police, fire protection, sanitary collection and recycling services and programs maintained and operated by the City. Therefore, no special programs are proposed for the City.

- It is expected that the households that may be added to the Project Area will contain few school-aged children and, at this time, no special program is proposed for the Board of Education. The City and the Board of Education, will attempt to ensure that any increased demands for the services and capital improvements provided by the Board of Education are addressed in connection with any particular residential development in the Project Area.
- It is expected that the households and businesses that may be added to the Project Area may generate additional demand for recreational services and programs and may create the need for additional open spaces and recreational facilities operated by the Chicago Park District. The City intends to monitor development in the Project Area and, with the cooperation of the Chicago Park District, will attempt to ensure that any increased demands for the services and capital improvements provided by the Chicago Park District are addressed in connection with any particular residential and business development. One or more open space facilities will be provided to secure the needs of a rapidly expanding residential population and existing and future employees of the Project Area and nearby areas.
- It is expected that any increase in demand for Cook County, Cook County Forest Preserve District, and the Chicago Community College District 508's services and programs associated with the Project Area can be adequately handled by services and programs maintained and operated by these taxing districts. Therefore, at this time, no special programs are proposed for these taxing districts. Should demand increase so that it exceeds existing service and program capabilities, the City will work with the affected taxing district to determine what, if any, program is necessary to provide adequate services.

Exhibit II to this Redevelopment Plan illustrates the preliminary allocation of Redevelopment Project Costs

IX. CONFORMITY OF THE REDEVELOPMENT PLAN FOR THE PROJECT AREA TO LAND USES APPROVED BY THE PLANNING COMMISSION OF THE CITY

This Redevelopment Plan and the Redevelopment Project described herein include land uses which will be approved by the Chicago Plan Commission prior to the adoption of the Redevelopment Plan

X. PHASING AND SCHEDULING

A phased implementation strategy will be utilized to achieve comprehensive and coordinated redevelopment of the Project Area

It is anticipated that City expenditures for Redevelopment Project Costs will be carefully staged on a reasonable and proportional basis to coincide with Redevelopment Project expenditures by private developers and the receipt of Incremental Property Taxes by the City

The estimated date for completion of Redevelopment Projects is no later than the year 2021

XI. PROVISIONS FOR AMENDING THIS REDEVELOPMENT PLAN

This Redevelopment Plan may be amended pursuant to the Act

XII. COMMITMENT TO FAIR EMPLOYMENT PRACTICES AND AFFIRMATIVE ACTION PLAN

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

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

In order to implement these principles, the City shall require and promote equal employment practices and affirmative action on the part of itself and its contractors and vendors. In particular, parties engaged by the City shall be required to agree to the principles set forth in this section.

EXHIBIT IV:

**Canal/Congress Project Area Tax Increment
Financing Eligibility Study**

**CANAL/CONGRESS
REDEVELOPMENT PROJECT AREA
ELIGIBILITY STUDY**

Prepared for the
Department of Planning and Development
City of Chicago

Prepared by
R. M. Chin & Associates, Inc
and
Trkla, Pettigrew, Allen & Payne, Inc

August 11, 1998

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I. EXECUTIVE SUMMARY

The purpose of this study entitled *Canal/Congress Redevelopment Project Area Eligibility Study* (the "Eligibility Study") is to document the conservation factors that are present within the Canal/Congress Redevelopment Project Area (the "Project Area"), and to determine whether the Project Area qualifies for designation as a "conservation area" within the definitions set forth in the Illinois *Tax Increment Allocation Redevelopment Act* 65 ILCS 5/11-74 4, *et seq*, as amended (the "Act").

The Project Area is located west of the City of Chicago's (the "City") central business district (the "Loop"), contains approximately 41.3 acres within seventeen (17) whole and partial blocks, and is generally bounded on the north by Madison, Monroe and Adams Streets; on the south by Congress Parkway and Harrison Street, on the east by Clinton and Canal Streets and the South Branch of the Chicago River, and on the west by the Kennedy Expressway and Desplaines Street. The boundary of the Project Area is illustrated in Figure 1, *Project Area Boundary*. A more detailed description of the Project Area is presented in the Redevelopment Plan and Project.

The determination of whether the Project Area qualifies for designation as a redevelopment project area and for use of tax increment financing pursuant to the Act is made by the City following careful review and consideration of the conclusions contained in the Redevelopment Plan and Eligibility Study. The conclusions contained in the Eligibility Study are based on an analysis of conditions and conservation factors found to be present within the Project Area. The documentation, analysis and conclusion of conservation factors are based on surveys and analyses conducted by R. M. Chin & Associates, Inc ("RMCA") and Trkla, Pettigrew, Allen & Payne, Inc ("TPAP") during May, June, and July 1998.

The basis for designating an area as a redevelopment project area and adopting the use of tax increment financing is described in Section II, *Basis for Redevelopment*, and summarized briefly below. The summary which follows is limited to a discussion of the eligibility criteria for a conservation area.

As set forth in the Act, a "redevelopment project area" must be not less than 1½ acres, and the municipality must make a finding that there exist conditions which cause the area to be classified as a conservation area. A "conservation area" means any improved area within the boundaries of a redevelopment project area in which 50 percent or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area but because of a combination of 3 or more of the following factors--dilapidation, obsolescence, deterioration, illegal use of

individual structures, presence of structures below minimum code standards; abandonment, excessive vacancies, overcrowding of structures and community facilities, lack of ventilation, light or sanitary facilities, inadequate utilities, excessive land coverage, deleterious land use or layout, depreciation of physical maintenance; or lack of community planning--is detrimental to the public safety, health, morals or welfare and such an area may become a blighted area

While it may be concluded that the mere presence of the minimum number of the stated factors in the Act may be sufficient to make a finding that there exist conditions which cause the area to be classified as a conservation area, the conclusions contained in the Eligibility Study are made on the basis that the conservation factors must be present to an extent which would lead reasonable persons to conclude that public intervention is appropriate or necessary. Secondly, the conservation factors must be reasonably distributed throughout the Project Area so that basically good areas are not arbitrarily found to be conservation areas simply because of proximity to areas which are found to be conservation areas

On the basis of this approach, the Project Area is found to be eligible as a conservation area within the conservation area definition set forth in the Act Specifically

- Ninety-one (91) percent of the 33 buildings in the Project Area are 35 years of age or older
- Of the 14 conservation area factors set forth in the Act, nine factors are found to be present These factors include dilapidation, obsolescence, deterioration, structures below minimum code standards, excessive vacancies, lack of light, ventilation, and sanitary facilities, deleterious land-use or layout, depreciation of physical maintenance and lack of community planning
- All blocks within the Project Area show the presence of conservation factors
- Six of the factors present within the Project Area are found to be present to a major extent and are reasonably distributed throughout the Project Area These factors are obsolescence, deterioration, structures below minimum code, excessive vacancies, depreciation of physical maintenance and lack of community planning
- Three of the factors present within the Project Area are found to be present to a limited extent and are not widely distributed throughout the Project Area These factors are dilapidation, lack of light, ventilation and sanitary facilities, and deleterious land use or layout.
- All blocks within the Project Area are not yet blighted, but because of the combination of conservation factors present within the Project Area, are detrimental to the public safety, health, morals or welfare and may become blighted
- The Project Area includes only real property and improvements that will be substantially benefited by the proposed redevelopment project improvements

The conclusions of the eligibility analyses indicate that the Project Area is in need of revitalization and guided growth to ensure that it will contribute to the long-term physical, economic, and social stability of the City. The analyses indicate that all blocks within the Project Area are not yet blighted areas, but are deteriorating and declining and may become blighted areas. The combination of factors present indicate that the Project Area as a whole has not been subject to growth and development through investment by private enterprise, and would not reasonably be anticipated to be developed without public action, including designating the Project Area as a redevelopment project area pursuant to the Act and adopting the use of tax increment financing to stimulate private investment.

Section III, *Eligibility Analysis and Conclusions*, contains a summary of the physical surveys conducted within the Project Area and the conclusions of the eligibility analyses undertaken to assist the City in determining whether the Project Area qualifies for designation as a redevelopment project area and use of tax increment financing pursuant to the Act.

II. BASIS FOR REDEVELOPMENT

The Illinois General Assembly made two key findings in adopting the Act

1. That there exists in many municipalities within the State blighted and conservation areas; and
2. That the eradication of blighted areas and the treatment and improvement of conservation areas by redevelopment projects are essential to the public interest

These conclusions were made on the basis that the presence of blight or conditions which lead to blight are detrimental to the safety, health, welfare and morals of the public.

To ensure that the exercise of these powers is proper and in the public interest, the Act also specifies certain requirements which must be met before a municipality can proceed with implementing a redevelopment project. One of these requirements is that the municipality must demonstrate that a prospective redevelopment project qualifies either as a "blighted area" or as a "conservation area" within the definitions for each set forth in the Act (in Section 11-74 4-3). These definitions are listed below.

As set forth in the Act, a "redevelopment project area" means an area designated by the municipality which is not less in the aggregate than 1½ acres, and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as an industrial park conservation area or a blighted area or a conservation area, or a combination of both blighted and conservation areas. The Project Area exceeds the minimum acreage requirements of the Act.

ELIGIBILITY OF A BLIGHTED AREA

A blighted area may be either improved or vacant. If the area is improved (e.g., with industrial, commercial and residential buildings or improvements), a finding may be made that the area is blighted because of the presence of a combination of five or more of the following fourteen factors:

- Age
- Dilapidation
- Obsolescence

- Deterioration
- Illegal use of individual structures
- Presence of structures below minimum code standards
- Excessive vacancies
- Overcrowding of structures and community facilities
- Lack of ventilation, light, or sanitary facilities
- Inadequate utilities
- Excessive land coverage
- Deleterious land-use or lay-out
- Depreciation of physical maintenance
- Lack of community planning.

If the area is vacant, it may be found to be eligible as a blighted area based on the finding that the sound growth of the taxing districts is impaired by one of the following criteria.

- A combination of two or more of the following factors obsolete platting of the vacant land; diversity of ownership of such land, tax and special assessment delinquencies on such land, flooding on all or part of such vacant land, deterioration of structures or site improvements in neighboring areas adjacent to the vacant land
- The area immediately prior to becoming vacant qualified as a blighted improved area.
- The area consists of an unused quarry or unused quarries
- The area consists of unused railyards, rail tracks or railroad rights-of-way
- The area, prior to the area's designation, is subject to chronic flooding which adversely impacts on real property which is included in or in proximity to any improvement on real property which has been in existence for at least five years and which substantially contributes to such flooding
- The area consists of an unused disposal site, containing earth, stone, building debris or similar material, which were removed from construction, demolition, excavation or dredge sites
- The area is not less than 50 nor more than 100 acres and 75% of which is vacant, notwithstanding the fact that such area has been used for commercial agricultural purposes within five years prior to the designation of the redevelopment project area, and which area meets at least one of the factors itemized in the first bullet item above for a vacant blighted area, and the area has been designated as a town or village center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that designated purpose.

ELIGIBILITY OF A CONSERVATION AREA

A conservation area is an improved area in which 50 percent or more of the structures in the area have an age of 35 years or more and there is a presence of a combination of three or more of the fourteen factors listed below. Such an area is not yet a blighted area, but because of a combination of three or more of these factors, the area may become a blighted area.

- Dilapidation
- Obsolescence
- Deterioration
- Illegal use of individual structures
- Presence of structures below minimum code standards
- Abandonment
- Excessive vacancies
- Overcrowding of structures and community facilities
- Lack of ventilation, light, or sanitary facilities
- Inadequate utilities
- Excessive land coverage
- Deleterious land-use or lay-out
- Depreciation of physical maintenance
- Lack of community planning

While the Act defines a blighted area and a conservation area, it does not define the various factors for each, nor does it describe what constitutes the presence or the extent of presence necessary to make a finding that a factor exists. Therefore, reasonable criteria should be developed to support each local finding that an area qualifies as either a blighted area or as a conservation area. In developing these criteria, the following principles have been applied:

1. The minimum number of factors must be present and the presence of each must be documented,
2. For a factor to be found present, it should be present to a meaningful extent so that a local governing body may reasonably find that the factor is clearly present within the intent of the Act, and
3. The factors should be reasonably distributed throughout the redevelopment project area.

It is also important to note that the test of eligibility is based on the conditions of the Project Area as a whole, it is not required that eligibility be established for each and every property in the Project Area. While it may be concluded that the mere presence of the minimum number of the stated factors may be sufficient to make a finding of conservation or blight, the evaluation contained in the

Eligibility Study was made on the basis that the conservation or blighting factors must be present to an extent which would lead reasonable persons to conclude that public intervention is appropriate or necessary. Secondly, the distribution of conservation or blighting factors throughout the Project Area must be reasonable so that basically good areas are not arbitrarily found to be conservation areas or blighted simply because of proximity to areas which are conservation or blighted areas.

III. ELIGIBILITY ANALYSIS AND CONCLUSIONS

RMCA and TPAP conducted various surveys within the Project Area of existing conditions and land uses. Figure 2, *Existing Land Uses*, illustrates the various existing land uses within the Project Area. In conducting the surveys, Project Area conditions were documented and tabulated by the types of conservation factors listed in the Act. An analysis was made of each of the conservation area factors to determine the locations and extent to which each of the factors are present in the Project Area. Listed below are the types of surveys and analyses conducted by RMCA and TPAP.

1. Exterior survey of the condition and use of each building,
2. Interior building survey of 24 of the 33 buildings within the Project Area (interior access for 9 buildings was not available),
3. Site surveys of streets, alleys, sidewalks, curbs and gutters, lighting, parking facilities, landscaping, fences and walls and general property maintenance;
4. Analysis of existing uses and their relationships,
5. Comparison of interior and exterior building conditions to property maintenance codes of the City,
6. Analysis of current parcel configuration and building size and layout,
7. Analysis of vacant sites and vacant buildings;
8. Analysis of building permits issued for the Project Area from January 1993 through May 1998,
9. Analysis of code violations recorded for the Project Area from January 1993 through May 1998, and
10. Review of previously prepared plans, transportation policies, studies and data.

Figure 3, *Interior/Exterior Survey Form*, presents the survey form used to record building conditions. An exterior survey was conducted on all 33 buildings located within the Project Area and an interior inspection was conducted on 24 buildings which RMCA and TPAP were able to gain sufficient access to conduct interior surveys.

BUILDING CONDITION SURVEY FORM

A NAME OF ESTABLISHMENT/ OCCUPANTS				B	PROJECT CLIENT/NAME	BLOCK NO	PARCEL	BLDG NO	HEIGHT	CONST	BUILDING NAME														
				OWNER/OCCUPANT/CONTACT		ADDRESS				DATE OF SURVEY	SURVEYOR(S)														
				C																					
				STRUCTURAL DEFECTS - DEGREE AND LOCATION																					
FLR(S)	NO UNITS	NO OCC	ACTIV	TYPE OF MATERIAL	LOCATION	CRACKS	HOLES	WATER PENETRATION	SETTLING	OUT-OF-PLUMB	BOWING	SAGGING	LEAKS	LACK OF SUPPORT	SLOPING	HEAVING	FIRE DAMAGED	IMPROPERLY CONST	INFESTATION	CONST (SIZE)	DETERIORATING	DAMAGE	LOCATION	COMPONENT RATING	
1																									
2																									
3																									
4																									
U																									
PRIMARY COMPONENTS																									
EXTERIOR WALLS AND STRUCTURE																									
EXTERIOR FOUNDATION A/G																									
EXTERIOR ROOF-STRUCTURE																									
EXTERIOR COLUMNS																									
INTERIOR FOUNDATION																									
INTERIOR LOAD-BEARING WALLS/COLUMNS																									
INTERIOR FLOORS/STRUCTURE																									
INTERIOR ROOF STRUCTURE																									
SECONDARY COMPONENTS																									
DOORS, FRAMES, SILLS, HEADERS, TRIM																									
WINDOWS, STOREFRONTS, SASH, FRAMES, SILLS, TRIM																									
EXTERIOR STAIRS, STEPS, FIRE ESCAPES, STRUCTURES																									
EXTERIOR CEILINGS, CANOPIES																									
CHIMNEYS, STACKS																									
GUTTERS, DOWNSPOUTS																									
CORNICE, APPURTENANCES, DECORATIVE TRIM																									
INTERIOR FLOOR COVERING																									
INTERIOR NON-BEARING WALLS, CEILINGS																									
INTERIOR STAIRS, RAILINGS, BANISTERS																									

Figure 3a
Interior/ Exterior Survey

D MECHANICAL SYSTEMS DEFECTS - DEGREE AND LOCATION														E. CODE RELATED CONDITIONS - COMPLIANCE			CODES		
OBsolete FIXTURES	LACKING IN AREAS	INADEQUATE SERVICE	MISSING PARTS	LEAKING	CORROSION/RUSTING	EXPOSED	POOR DISTRIBUTION	IMPROPER CONNECT	IMPROPER LOCATION	DETERIORATING	RATING				TRAVEL, EXITS, STAIRS				
PLUMBING															ROOM LAYOUT, CEILING HEIGHT				
-DRAINAGE															LIGHT/VENT				
-WATER SUPPLY															FIRE SAFETY				
-FIXTURES															SANITARY CONDITIONS				
ELECTRICAL															ELECTRICAL				
-SERVICE/SUPPLY															PLUMBING				
-WIRING															HEATING				
-FIXTURES/OUTLETS															SPRINKLERS				
HEATING/HVAC															F FINAL BUILDING RATING	TABULATION OF DEFECTS	1	2	3
-FURNACE/BOILER/COMPR															SOUND	PRIMARY COMPONENTS			
-DUCTS/PIPING/VENTS															DEFICIENT-MINOR REPAIR	SECONDARY COMPONENTS			
-DISTRIBUTION															DEFICIENT-MAJOR REPAIR	MECHANICAL SYSTEMS			
ELEVATORS															STRUCT SUBSTANDARD	TOTAL			
-MECHANICAL EQUIPMENT															FIELD EVALUATION	ACCESS BLDG(S)			
-TYPE/SIZE/ADEQUACY															EXTERIOR SURVEY	OFF STR PARKING			
G. ELIGIBILITY FACTORS												YLS	NO	EXILNT	INCOMPL SURVEY	LOADING			
AGL																			
1 DILAPIDATION																			
2 OBSOLESCENCE																			
3 DETERIORATION																			
4 ILLEGAL USE OF INDIVIDUAL STRUCTURES																			
5 PRESENCE OF STRUCTURES BELOW MINIMUM CODE STANDARDS																			
6 ABANDONMENT																			
7 EXCESSIVE VACANCIES																			
8 OVERCROWDING OF STRUCTURES OR COMMUNITY FACILITIES																			
9 LACK OF VENTILATION, LIGHT OR SANITARY FACILITIES																			
10 INADEQUATE UTILITIES																			
11 EXCESSIVE LAND COVERAGE																			
12 DELETERIOUS LAND-USE OR LAYOUT																			
13 DEPRECIATION OF PHYSICAL MAINTENANCE																			
14 LACK OF COMMUNITY PLANNING																			

Figure 3b
Interior/ Exterior Survey

Summarized below are a summary of the physical surveys conducted within the Project Area, and a summary of the eligibility analyses conducted for each of the 14 conservation area factors listed in the Act. The conditions that exist and the relative extent to which each factor is present in the Project Area are described. A factor noted as not present indicates either that no information was available or that no evidence could be documented as part of the various surveys and analyses. A factor noted as present to a limited extent indicates that conditions exist which document that the factor is present, but that the distribution or impact of the conservation or blight condition is limited. Finally, a factor noted as present to a major extent indicates that conditions exist which document that the factor is present throughout major portions of the block, and that the presence of such conditions has a major adverse impact or influence on adjacent and nearby development.

A. AGE

Age is a prerequisite factor in determining an area's qualification for designation as a conservation area. Age presumes the existence of problems or limiting conditions resulting from normal and continuous use of structures over a period of years. Since building deterioration and related structural problems can be a function of time, temperature, moisture and level of maintenance over an extended period of years, structures which are 35 years or older typically exhibit more problems and require greater maintenance than more recently constructed buildings. Furthermore, a serious concern exists for the presence of asbestos containing materials (ACM) and lead-based paint (LBP). Any thermal system insulation or surfacing material, such as floor and ceiling tiles, present in a building constructed before 1981 (17 years old) is likely to contain asbestos, and any building constructed before 1978 (20 years old) is likely to contain lead-based paint.

Conclusion

Of the 33 buildings within the Project Area, 30, or 91 percent, are 35 years of age or older. The Project Area meets the conservation area prerequisite that more than 50 percent of the structures are 35 years of age or older.

Figure 4, *Age*, illustrates the location of all buildings in the Project Area which are more than 35 years of age. This factor is widely distributed throughout the Project Area.

B. DILAPIDATION

Dilapidation refers to advanced disrepair of buildings and site improvements Webster's New Collegiate Dictionary defines "dilapidate," "dilapidated" and "dilapidation" as follows

- *Dilapidate*, " to become or cause to become partially ruined and in need of repairs, as through neglect "
- *Dilapidated*, " falling to pieces or into disrepair, broken down, shabby and neglected "
- *Dilapidation*, " dilapidating or becoming dilapidated, a dilapidated condition "

To determine the existence of dilapidation, an assessment was undertaken of all buildings within the Project Area. The process used for assessing building conditions, the standards and criteria used for evaluation, and the findings as to the existence of dilapidation are presented below.

The building condition analysis is based on exterior building inspections undertaken during May, June, and July of 1998. In addition, interior surveys of 24 buildings were conducted

1. Building Components Evaluated

During the field survey, each component of a building was examined to determine whether it was in sound condition or had minor, major, or critical defects. Building components examined were of three types

Primary Structural

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

Secondary Components

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

Mechanical Components

The mechanical systems found in a building include plumbing, electrical, heating and elevator systems. Although less frequently encountered in buildings in residential areas, air conditioning and ventilation, and fire protection systems are also building systems. Since the functions of the mechanics in any building are unlike the functions of primary or secondary structural components and have dissimilar defects, the building systems are evaluated in terms of ten common deficiencies. The ten common defects used for evaluation are, lacking (non-existence of a building system), inadequate service, obsolete, missing parts, leaking, exposed (unprotected surfaces), poor distribution, improper location, improper connections, and deterioration

Each primary, secondary, and mechanical component (when possible) was evaluated separately as a basis for determining the overall condition of individual buildings. This evaluation considered the relative importance of specific components within a building, and the effect that deficiencies in the various components have on the remainder of the building.

2. Building Rating Classifications

Based on the evaluation of building components, each building was rated and classified into one of the following categories:

Sound

Buildings which contain no defects, are adequately maintained, and require no treatment outside of normal maintenance as required during the life of the building.

Deficient

Buildings which contain defects (loose or missing material or holes and cracks) over either limited or widespread areas which may or may not be correctable through the course of normal maintenance (depending on the size of the building or number of buildings in a large complex). Deficient buildings contain defects which, in the case of limited or minor defects, clearly indicate a lack of or a reduced level of maintenance. In the case of major defects, advanced defects are present over widespread areas, perhaps including mechanical systems, and would require major upgrading and significant investment to correct.

Dilapidated

Buildings which contain major defects in primary and secondary components and mechanical systems over widespread areas and within most of the floor levels. The defects are so serious and advanced that the building is considered to be substandard, requiring improvements or total reconstruction which may either be infeasible or difficult to correct.

Conclusion

Of the 33 buildings within the Project Area, one (1) building is in a substandard (dilapidated) condition. The factor of dilapidation of buildings is present to a limited extent in the Project Area. Figure 5, *Dilapidation*, illustrates the location of the substandard building in the Project Area.

Site improvement dilapidation is limited to the west border of the Project Area, including instances of major dilapidation. Major dilapidation of site improvements is generally located in two of the seventeen (17) blocks within the Project Area. Considerable improvement, including total reconstruction, is required in these blocks to eliminate dilapidation.

C. OBSOLESCENCE

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

Functional Obsolescence

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

Economic Obsolescence

Economic obsolescence is normally a result of adverse conditions which cause some degree of market rejection and, hence, depreciation in market values

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

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

1. Obsolete Building Types

Functional or economic obsolescence in buildings, which limits their long-term use or reuse, is typically difficult and expensive to correct Deferred maintenance, deterioration and vacancies often result, which can have an adverse effect on nearby and surrounding development and detract from the physical, functional and economic vitality of the area

Functional obsolescence of buildings is present throughout the Project Area The Project Area contains buildings characterized by obsolescence in 13 of the 17 blocks, fourteen blocks of which contain buildings Characteristics observed in the obsolete buildings include the following

- Small, narrow buildings with limited floor plates,
- Single purpose buildings designed for a specific use which are not easily adaptable or suited to other uses;
- Buildings where stairs, elevators and common hall areas occupy an excessive amount of floor space;
- Buildings with inadequate column spacing or floor plans which limit space divisions,
- Buildings with inefficient or outdated mechanical systems, including the lack of central air conditioning, small elevators or the lack of freight elevators and limited lighting,
- Buildings which lack or have limited fire and life safety provisions, and which would be difficult to upgrade to code compliance,
- Lack of or inadequate loading facilities,
- Buildings with single-pane windows and limited insulation, resulting in high energy loss,
- Lack of ADA (American with Disabilities Act) access provisions at entry areas, elevators and in bathrooms

2. Obsolete Platting

The Project Area was originally platted before the turn of the century, and is characterized by obsolete platting. Examples include small, narrow lots, oddly configured parcels, streets and alleys, parcels of inadequate size or shape to allow development of buildings that meet present-day development standards and market conditions, lack of off-street parking, loading and service areas; and lack of set-back provisions to permit exterior landscaping. Some blocks may still contain their original obsolete platting. However, as a result of consolidation of parcels by one owner, some problems of obsolete platting are reduced. Nevertheless, there remains nine of the nineteen blocks impacted by obsolete platting.

Conclusion

Thirty (30) of the 33 buildings in the Project Area (91 percent) are impacted by obsolescence which limits their functional or economic use. Six (6) of the seventeen (17) blocks (or 35 percent) are impacted by obsolete platting. Overall, obsolescence is present to a limited extent in three (3) of the seventeen (17) blocks and to a major extent in eleven (11) of the seventeen (17) blocks. Obsolescence as a factor is present to a major extent in the Project Area.

Figure 6, *Obsolescence*, illustrates the location of obsolete buildings and obsolete platting in the Project Area.

D. DETERIORATION

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

- Deterioration may be evident in basically sound buildings containing minor defects, such as lack of painting, loose or missing materials, or holes and cracks over limited areas. This deterioration can be corrected through normal maintenance.
- Deterioration which is not easily correctable and cannot be accomplished in the course of normal maintenance may also be evident in buildings. Such buildings may be classified as minor deficient or major deficient buildings, depending upon the degree or extent of defects. Minor deficient and major deficient buildings are characterized by defects in the secondary building components (e.g., doors, windows, fire escapes, gutters and downspouts, fascia materials, etc.), and defects in primary building components (e.g., foundations, exterior walls, floors, roofs, etc.), respectively.

It should be noted that all buildings and site improvements classified as dilapidated are also deteriorated.

Deterioration of Alleys

Alleys within the Project Area, specifically near the northern boundary, are badly deteriorated. Alley deterioration is characterized by broken, potholed and uneven surfaces, as well as cobblestone surfaces in disrepair, with eroding asphalt patches.

Deterioration of Street Pavement, Curbs and Gutters.

Streets and sidewalks vary in their condition throughout the Project Area. The entire Project Area is spotted by conditions of deterioration. Several streets along the northern border of the Project Area require total reconstruction. Resurfacing of several streets is required throughout the Project Area.

Deterioration of Buildings

The analysis of building deterioration is based on the survey methodology and criteria described in the preceding section on "Dilapidation." Twenty-eight (28) of the thirty-three (33) buildings in the Project Area, or 85 percent, are classified as deteriorating or deteriorated, including one (1) that is dilapidated.

Conclusion

Deterioration as a factor is present to a major extent in the Project Area. Twenty-eight (28) buildings, or 85 percent of the buildings within the Project Area are classified as deteriorating or deteriorated. Deterioration of site improvements is found in alleys and streets, and parking lots within the Project Area. Curbs, gutters and sidewalks are similarly deteriorated. Three blocks within the Project Area have alleys characterized as deteriorated. Nearly all alleys within the surveyed area lack adequate storm sewer drainage and 31 of 32 blocks (97%) within the Project Area contain some form of deterioration. Overall, deterioration is present to a limited extent in five (5) of the seventeen (17) blocks and to a major extent in ten (10) of the seventeen (17) blocks.

Table 1, *Summary of Building Deterioration*, summarizes building deterioration within the blocks containing buildings in the Project Area. Figure 7, *Deterioration*, illustrates the location of deterioration within the Project Area.

E. ILLEGAL USE OF INDIVIDUAL STRUCTURES

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

Conclusion

No illegal uses of individual structures were evident from the field surveys conducted.

F. PRESENCE OF STRUCTURES BELOW MINIMUM CODE STANDARDS

Structures below minimum code standards include all structures which do not meet the standards of subdivision, building, housing, property maintenance, fire, or other governmental codes applicable to the property. The principal purposes of such codes are to require buildings to be constructed so that they will be strong enough to support the loads expected, to be safe for occupancy against fire and similar hazards, and/or to establish minimum standards essential for safe and sanitary habitation. Structures below minimum code are characterized by defects or deficiencies which threaten health and safety.

Determination of the presence of structures below minimum code standards was based upon an exterior survey of all 33 buildings and interior surveys of 24 buildings for which TPAP and RMCA could gain sufficient access. Twenty-seven (27) of the 33 buildings surveyed were found to be below minimum code standards either on the basis of code related defects on the interior, or in combination with the exterior with regards to access into the buildings.

Table 1: Summary of Building Deterioration

Project Area	Tax Block No.	No. Of Buildings	Building Condition		
			Sound	Deteriorated/ Deteriorating	Substandard/ Dilapidated
	339	0	0	0	0
	100	0	0	0	0
	105	2	1	1	0
	106	1	0	1	0
	107	0	0	0	0
	111	7	1	6	0
	113	1	0	2	0
	114	1	0	1	0
	115	1	0	1	0
	117	2	0	1	1
	118	2	0	2	0
	119	8	1	7	0
	120	1	1	0	0
	122	1	0	1	0
	126	1	0	1	0
	129	2	1	1	0
	130	2	0	2	0
Project Area Total	33	5	27	1	
Percent	100.0	15.2	81.8	3.0	

The following non-compliance conditions are examples of code violations found to be present within the Project Area

- Lack of ADA (Americans with Disabilities Act) accessibility requirements, including accessibility into buildings, lobbies and elevators, undersized vestibules, elevators; elevators without floor identification for the visually impaired, and restrooms without proper access width and special hardware, alarms; signage; and etc
- Ceilings in habitable areas lower than 8 feet, and exposed ceilings in fire-rated areas
- Improper wiring, exposed wiring and junction boxes, extension cords, and old brittle cloth-cased wiring
- Open stairs or enclosed stairs without proper B-label fire rated doors or lack of panic hardware and closers
- Lack of or inoperable sprinkler or fire alarm systems
- Unsanitary conditions, dusty conditions, and flammable storage in vacant or underutilized areas
- Lack of exit signs and/or other life safety appurtenances

The presence of code violations is further supported by code violation records maintained by the City. Information with respect to code compliance for the Project Area was provided to TPAP by the City of Chicago, Department of Buildings on buildings for which the City had issued violations during the period January 1, 1993 through May 1998. During this period, building code violations were listed by address and street name. Of the 33 buildings in the Project Area, 18, or 55 percent, were identified as being in violation of code standards

Conclusion

The factor of structures below minimum code standards is present to a major extent within the Project Area. A total of twenty-seven (27) buildings, or 82 percent of the 33 buildings in the Project Area are below minimum code standards. Overall, the presence of structures below minimum code is present to a limited extent in four (4) of the seventeen (17) blocks and to a major extent in nine (9) of the seventeen (17) blocks

Figure 8, *Structures Below Minimum Code*, illustrates the location of buildings and site improvements which are below minimum code standards.

G. ABANDONMENT

Abandonment as a factor applies only to conservation areas Webster's New Collegiate Dictionary defines "abandon" as "to give up with the intent of never again claiming one's right or interest", or "to give over or surrender completely, to desert "

Conclusion

Based on the analysis of properties within the Project Area, abandonment as a factor is not found to be present

H. EXCESSIVE VACANCIES

Excessive vacancies as a factor refers to the presence of buildings or sites which are either unoccupied or not fully utilized, and which exert an adverse influence on the surrounding area because of the frequency or duration of vacancies. Excessive vacancies include properties for which there is little expectation for future occupancy or utilization

Excessive building vacancies are found throughout the Project Area Vacancies are especially prevalent in older, poorly maintained buildings, and buildings characterized by obsolescence. Information regarding vacancies in individual buildings was obtained from interior and exterior building surveys conducted by TPAP and RMCA

Conclusion

The factor of excessive vacancies is present to a major extent in the Project Area Nineteen (19) buildings, or 58 percent of the total buildings in the Project Area contain vacancies of 20 percent or greater In addition, there are five (5) buildings of the total 33 buildings which are totally vacant in the Project Area. Overall, excessive vacancies is present to a limited extent in seven (7) of the seventeen (17) blocks and to a major extent in five (5) of the seventeen (17) blocks

Figure 9, *Excessive Vacancies*, illustrates the location of buildings in the Project Area which are 20 percent or more vacant

I. OVERCROWDING OF STRUCTURES AND COMMUNITY FACILITIES

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

Conclusion

No conditions of overcrowding of structures and community facilities have been documented as part of the exterior or interior surveys undertaken within the Project Area.

J. LACK OF VENTILATION, LIGHT, OR SANITARY FACILITIES

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

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

Conclusion

The factor of lack of ventilation, light, or sanitary facilities is present to a minor extent in the Project Area. A total of 5 buildings, or 15 percent of the 33 buildings in the Project Area are below ventilation, light, and/or sanitary standards. Overall, lack of ventilation, light, or sanitary facilities is present to a limited extent in one (1) of the seventeen (17) blocks and to a major extent in two (2) of the seventeen (17) blocks.

Figure 10, *Lack of Ventilation, Light, or Sanitary Facilities*, illustrates the location of buildings in the Project Area which exhibit this factor.

K. INADEQUATE UTILITIES

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

Conclusion

No determination of existing utilities and conditions of inadequate utilities has been documented as part of the surveys and analyses undertaken within the Project Area

L. EXCESSIVE LAND COVERAGE

Excessive land coverage refers to the over-intensive use of land by buildings or facilities than can reasonably be accommodated by the site and supporting public infrastructure. Excessive land coverage can be manifested by various physical factors including, but not limited to, improperly situated buildings, parcels of inadequate size or shape, inadequate provisions for off-street parking, loading and service areas, and inadequate ingress/egress. One or several of these factors can result in insufficient provision for light and air, increased threat of the spread of fires due to close proximity of buildings, traffic circulation conflicts along public rights-of-way, improperly parked or illegally parked vehicles, and excessive vacancies due to inadequate loading and service areas for tenants.

While existing lot sizes, lot coverages, off-street parking and loading provisions, and building setback and yard requirements may not comply with the current zoning practices of the City, the Project Area developed prior to existing zoning requirements, and are similar to other older, developed sections of the downtown area.

Conclusion

No determination of excessive land coverage has been documented as part of the survey and analyses undertaken within the Project Area. However, many of the blighting factors that often result from excessive land coverage are found to be present throughout the Project Area.

M. DELETERIOUS LAND-USE OR LAYOUT

Deleterious land-uses include all instances of incompatible land-use relationships, buildings occupied by inappropriate mixed uses, and uses which may be considered noxious, offensive or otherwise environmentally unsuitable.

Deleterious layout includes oddly configured buildings by themselves or in relation to other buildings. Also, deleterious layout includes improper or obsolete platting of the land, inadequate street layout, and parcels of inadequate size or shape to allow development of buildings that meet present-day development standards and market conditions, including the provision of off-street parking, floor areas and internal circulation to accommodate modern office configurations, off-street loading and service areas and landscape provisions.

Conclusion

The factor of deleterious land use or layout is present to a minor extent in the Project Area. A total of 10 buildings, or 30 percent of the 33 buildings in the Project Area are found to be deleterious in land use. A total of seven (7) blocks, or 47 percent of the seventeen (17) full or partial blocks contained in the Project Area are impacted by deleterious layout. The factor of deleterious layout is present to a major extent in four blocks and to a minor extent in three blocks. Overall, deleterious land use or layout is present to a limited extent in eight (8) of the seventeen (17) blocks.

Figure 11, *Deleterious Land-Use or Layout*, illustrates the location of the presence of deleterious land-use and layout.

N. DEPRECIATION OF PHYSICAL MAINTENANCE

Depreciation of physical maintenance refers to the deferred maintenance of buildings, parking areas and public improvements such as alleys, sidewalks and streets.

The presence of this factor within the Project Area includes:

- Buildings. Of the 33 buildings in the Project Area, 18 suffer from deferred maintenance of windows, doors, store fronts, exterior walls, cornices, fire escapes, steps, loading docks, fascias or mechanical systems.
- Streets, alleys, sidewalks, curbs and gutters. Depreciation of physical maintenance of streets, alleys, sidewalks, curbs and gutters is located throughout the Project Area, with the greatest concentration in the western portion of the Project Area.
- Parking surface and site surface areas. Depreciation of physical maintenance of parking surface and site surface areas is located throughout the Project Area, with the greatest concentrations in the western portion of the Project Area.

Conclusion

The depreciation of physical maintenance of buildings and site improvements as a factor is present to a major extent in the Project Area. Eighteen (18) or 55 percent of buildings and approximately 50 percent of site improvements suffer from deferred maintenance. Overall, depreciation of physical maintenance is present to a limited extent in three (3) of the seventeen (17) blocks and to a major extent in nine (9) of the seventeen (17) blocks.

Figure 12, *Depreciation of Physical Maintenance*, illustrates the location of the presence of depreciation of physical maintenance in the Project Area.

O. LACK OF COMMUNITY PLANNING

With very few exceptions, most of the blocks were platted and buildings were constructed in the Project Area prior to the existence of the City's plans which are referenced in the Redevelopment Plan, to which this Eligibility Study is attached. The Project Area was originally platted and developed on a parcel-by-parcel and building-by-building basis, with little evidence of coordination and planning among buildings and adjacent land-use activities. Lack of community planning prior to development has contributed to some of the problem conditions which characterize the overall Project Area.

The overall Project Area is characterized by blocks containing a mix of building sizes, configurations and types which were constructed during different time frames. Blocks with oddly configured structures and parcels have created under-utilized areas, oddly configured alleys and parking surfaces, inadequate loading and service areas, and inadequate placement or provisions of parking and community facilities.

Conclusion

The factor of lack of community planning is present to a major extent throughout the Project Area.

IV. DETERMINATION OF PROJECT AREA ELIGIBILITY

CONSERVATION AREA

The Project Area meets both the minimum size and building age requirements of the Act for designation as a "conservation area." The Project Area contains approximately 41.3 acres which exceeds the minimum size requirement of 1 and 1/2 acres. Additionally, 30 of the 33 buildings (or 91 percent) in the Project Area are 35 years or older, thereby exceeding the 50 percent requirement contained in the Act.

In addition to age, nine (9) of the fourteen (14) factors are present in the Project Area and six (6) of those factors are present to a major extent and are reasonably distributed throughout the Project Area. The nine (9) factors present within the Project Area are listed below, and those that are present to a major extent and reasonably distributed are indicated by an asterisk.

- 1 Dilapidation
- 2 Obsolescence *
- 3 Deterioration *
- 4 Structures below minimum code standards *
- 5 Excessive vacancies *
- 6 Lack of light, ventilation, and sanitary facilities
- 7 Deleterious land-use
- 8 Depreciation of physical maintenance *
9. Lack of Community Planning *

** Indicates that the conservation factor is present to a major extent and reasonably distributed throughout the Project Area*

None of the blocks within the Project Area are blighted. However, they are deteriorating and declining and may become blighted. A summary of conservation factors by block is contained in Table 2, *Distribution of Conservation Factors* and in Figure 13, *Summary of Conservation Factors*.

The eligibility findings indicate that the Project Area is in need of revitalization and guided growth to ensure that it will contribute to the long-term physical, economic, and social well-being of the City. The Project Area is deteriorating and declining. All factors indicate that the Project Area as a whole has not been subject to growth and development through investment by private enterprise, and would not reasonably be anticipated to be developed without public action.

Table 2: Distribution of Conservation Factors

<u>Conservation Factors</u>	<u>BLOCK NUMBERS</u>								
	<u>100</u>	<u>105</u>	<u>106</u>	<u>107</u>	<u>111</u>	<u>113</u>	<u>114</u>	<u>115</u>	<u>117</u>
Age		■	■		■	■	■		■
<u>Other Factors</u>									
1 Dilapidation									□
2 Obsolescence	□	■	■	■	■	■	■	■	■
3 Deterioration	□	□	■	□	■	■	■	■	■
4 Illegal use of individual structures									
5 Structures below minimum code		■	■		■	■	■	□	■
6 Abandonment									
7 Excessive vacancies		□	■		□	■	■	■	□
8 Overcrowding of structures and community facilities									
9 Lack of ventilation, light or sanitary facilities						■			
10. Inadequate utilities									
11 Excessive land coverage									
12 Deleterious land-use or layout	□		□	■	□				
13 Depreciation of physical maintenance	□		■	□	□	■	■	■	■
14 Lack of community planning	■	■	■	■	■	■	■	■	■

Not present or not examined

□ Present to a limited extent

■ Present to a major extent

Continued

Table 2: Distribution of Conservation Factors

<u>Conservation Factors</u>	<u>BLOCK NUMBERS</u>							
	<u>118</u>	<u>119</u>	<u>120</u>	<u>122</u>	<u>126</u>	<u>129</u>	<u>130</u>	<u>339</u>
Age		■	■			■	■	■
<u>Other Factors</u>								
1 Dilapidation								□
2 Obsolescence		■	■		□	■	□	■
3 Deterioration		■	■		■	□	□	■
4 Illegal use of individual structures								
5 Structures below minimum code		■	■	□		□	□	■
6 Abandonment								
7 Excessive vacancies		□	□	□			□	■
8. Overcrowding of structures and community facilities								
9 Lack of ventilation, light or sanitary facilities			□					■
10 Inadequate utilities								
11 Excessive land coverage								
12 Deleterious land-use or layout			□		□		□	
13 Depreciation of physical maintenance		■	■		■			■
14 Lack of community planning		■	■	■	■	■	■	■
<p>Not present or not examined</p> <p>□ Present to a limited extent</p> <p>■ Present to a major extent</p>								