

This agreement was prepared by and
after recording return to:
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City of Chicago Law Department
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PARK BOULEVARD PROJECT REDEVELOPMENT AGREEMENT

This Park Boulevard Project Redevelopment Agreement (the "**Agreement**") is made as of this 1st day of November, 2005, by and among the City of Chicago, an Illinois municipal corporation (the "**City**"), through its Department of Planning and Development ("**DPD**"), and Park Boulevard LLC, an Illinois limited liability company ("**Developer**"), Stateway Community Partners, Inc., an Illinois not-for-profit corporation ("**Sponsor**"), and Park Boulevard 1B, L.P., an Illinois limited partnership ("**Rental Owner**").

RECITALS:

A. Constitutional Authority: As a home rule unit of government under Section 6(a), Section 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 January 14, 2004: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the 35th/State Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the 35th/State 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 35th/State Redevelopment Project Area" (the "**TIF Adoption Ordinance**"). Collectively the three ordinances are defined as the "**TIF Ordinances**". The Redevelopment Area (as defined below) is legally described on Exhibit A.

D. The Project: Developer previously entered into a Redevelopment Agreement dated May 3, 2003 (the "**CHA Redevelopment Agreement**") with the Chicago Housing Authority ("**CHA**") and The Habitat Company for the construction by Developer of 1,316 housing units, including replacement public housing, on sites located within the Bronzeville Tax Increment Financing Redevelopment Project Area and the 35th/State Tax Increment Financing Redevelopment Project Area (the "**35th/State Redevelopment Area**"). The project contemplated by this Redevelopment Agreement is for the construction of approximately 311 of those units on a site in the 35th/State Redevelopment Area that is generally bounded by 35th Street on the north, State Street on the east, 39th Street on the south, and the Chicago Rock Island and Pacific Railroad on the west, in Chicago, Illinois (the "**Property**"). CHA has leased a portion of the Property to Developer pursuant to a 99-year master groundlease, and has conveyed to Developer in fee simple the remaining portion of the Property. The Property is approximately 36.47 acres, and is located wholly within the Redevelopment Area. A legal description of the Property is stated in Exhibit B-1. The Property is currently undeveloped and subject to the zoning requirements stated in Residential-Business Planned District No. 897 (including any approved amendment thereof, the "**PD**"). Developer plans to construct 39 new buildings, which will be a mix of mid-rise, townhomes, 3-, 4-, 5- and 6-flats, and single family homes. The buildings will collectively comprise: approximately 311 residential units consisting of 100 Rental Units, 72 Affordable For Sale Units, and 139 Market Rate For Sale Units; 311 parking spaces; and approximately 16,830 square feet of retail space. The new construction work is collectively defined as the "**Project**". A site plan for the Project dated June 2, 2005 (the "**Site Plan**") is Exhibit B-2. As part of the overall Project, after construction, the Rental Units will be conveyed to the Rental Owner. The completion of the Project would not reasonably be anticipated to occur without the financing contemplated in this Agreement.

E. Redevelopment Plan: The Project will be carried out in accordance with this Agreement, the PD and the City of Chicago 35th/State Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project dated May 29, 2003, as revised on October 7, 2003 (the "**Redevelopment Plan**"), and as amended from time-to-time.

F. City Financing and Assistance: Subject to the terms and conditions of this Agreement, the City will issue the Notes to Developer (whose sole member is Stateway Associates, LLC, an Illinois limited liability company) in the amounts stated in Section 4.03. The City will make payments of principal and interest on the Notes to reimburse Developer with the Available Incremental Taxes for the cost of TIF-Funded Improvements. In addition, the City may, in its discretion, issue tax increment allocation bonds ("**TIF Bonds**") secured by Incremental Taxes (as defined below) pursuant to a TIF bond ordinance (the "**TIF Bond Ordinance**"), at a later date as described and conditioned in Section 4.08 hereof. The proceeds of the TIF Bonds (the "**TIF Bond Proceeds**") may be used to pay for the costs of the TIF-Funded Improvements not previously paid for from Available Incremental Taxes, including any such payment made under the Notes provided to Developer under this Agreement.

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:

SECTION 1: RECITALS

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

SECTION TWO: DEFINITIONS

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

“35th/State Redevelopment Area” has the meaning defined in the recitals.

“35th/State Redevelopment Project Area Special Tax Allocation Fund” means the special tax allocation fund created by the City in connection with the Redevelopment Area into which the Incremental Taxes (as defined below) will be deposited.

“Act” has the meaning defined in the recitals.

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

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

“Affordable For Sale Units” shall mean 72 For Sale Units sold to Qualified Households for an Affordable Price.

“Affordable Price” means an amount less than or equal to the price at which Monthly Homeownership Costs for the Affordable For Sale Unit would total not more than 30% of household income for a Qualified Household.

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

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

“Available Incremental Taxes” means an amount equal to 100% of the Incremental Taxes (as defined below) deposited after the Closing Date in the 35th/State Redevelopment Project Area Special Tax Allocation Fund (as defined below) attributable to the taxes levied on the Property, using the year 2002 as a base year for equalized assessed valuation.

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

"Bonds" has the meaning defined in Section 8.05.

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

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

"Certificate of Expenditure(s)" means the certificates, in the forms of Exhibits J-1A, J-1B and J-2 hereto, issued by the City to increase respectively the principal amount of the Notes.

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

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

"City" has the meaning defined in the Agreement preamble.

"City Contract" has the meaning defined in Section 8.01(m).

"City Council" means the City Council of the City of Chicago as defined in the recitals.

"City Funds" means the funds described in Section 4.03(a).

"City Group Member" has the meaning defined in Section 8.10.

"City Note 1" means the tax-exempt City of Chicago Tax Increment Allocation Revenue Note R-1 (Park Boulevard Project Redevelopment Project) Series A to be in the form attached hereto as Exhibit J-1B and otherwise in accordance with the terms set forth in Section 4.03(c). The payment of the amounts due under City Note 1 will be secured only by Available Incremental Taxes, unless the City, in its sole discretion, elects to use other legally available funds to make payments with respect to City Note 1.

"City Note 1 Interest Rate" has the meaning defined in Section 4.03(c).

"City Note 1 Lock-Out Period" has the meaning defined in Section 4.03(c)(xv).

"City Note 2" means the taxable City of Chicago Tax Increment Allocation Revenue Note R-1 (Park Boulevard Project Redevelopment Project), Taxable Series B to be in the form attached hereto as Exhibit J-2 and otherwise in accordance with the terms set forth in Section 4.03(d). The payment of the amounts due under City Note 2 will be secured only by the Available Incremental Taxes, unless the City, in its sole discretion, elects to use other legally available funds to make payments with respect to City Note 2.

"City Note 2 Lockout Period" has the meaning defined in Section 4.03(d)(vi).

"City Note A" means the taxable City of Chicago Tax Increment Allocation Revenue Note (Park Boulevard Project Redevelopment Project), Series 2005A, to be in the form attached hereto as Exhibit J-1A otherwise in accordance with the terms set forth in Section 4.03(c). The payment of the amounts due under City Note A will be secured only by Available Incremental Taxes, unless the City, in its sole discretion, elects to use other legally available funds to make payments with respect to City Note A.

"City Note A Interest Rate" has the meaning defined in Section 4.03(c).

"City Note A Refunding Date" has the meaning defined in Section 4.03(c)(i).

"City Regulatory Agreements" means, collectively: that certain Regulatory Agreement entered into on the date hereof by Developer, Rental Owner and the City; that certain Donations Tax Credit Regulatory Agreement entered into on the date hereof by Developer, Sponsor, Rental Owner and the City; and that certain Tax Credit Agreement for Tax-Exempt Bond Financed Projects entered into on the date hereof by Sponsor, Rental Owner and the City.

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

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

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

"Construction Program" has the meaning defined in Section 10.03.

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

"Developer" has the meaning defined in the Agreement preamble.

"Developer Parties" means, collectively, Developer, Sponsor and Rental Owner; **"Developer Party"** means any one of the Developer Parties.

"DOH" means the City's Department of Housing.

"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 Parties (other than funds derived from Lender Financing (as defined below)) available for the Project, in the amount stated in Exhibit K attached hereto, which amount may be increased under Section 4.07 (Cost Overruns).

"Event of Default" has the meaning defined in Section 15.01.

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

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

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

"For Sale Units" means collectively the Affordable For Sale Units and the Market Rate For Sale Units.

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

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

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

"HUD" shall mean the U.S. Department of Housing and Urban Development.

"Human Rights Ordinance" has the meaning defined in Section 10.01(a).

"In Balance" has the meaning defined in Section 5.16(g).

"Incremental Taxes" means such ad valorem taxes which, pursuant to the TIF Adoption Ordinance and Section 5/11-74.4-8(b) of the Act, are allocated to, and when collected are paid to, the Treasurer of the City for deposit by the Treasurer into a special tax allocation fund established to pay Redevelopment Project Costs (as defined below) and obligations incurred in

the payment thereof, such fund for the purposes of this Agreement being the 35th/State Redevelopment Project Area Special Tax Allocation Fund.

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

"Labor Department" has the meaning defined in Section 8.08.

"Lender Financing" means funds borrowed by Developer from lenders and available to pay for costs of the Project, in the amount stated in Exhibit K, if any.

"Market Rate For Sale Units" shall mean 139 For Sale Units that may be sold at the market rate without any income qualification or affordability requirements.

"MBE(s)" has the meaning defined in Section 10.03.

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

"Monthly Homeownership Costs" shall mean the sum of the following estimated amounts:

- (i) monthly principal and interest payments on a 30-year fixed rate purchase money mortgage in the amount of 95% of the purchase price, bearing interest at a rate equal to the prevailing rate as published in the Chicago Tribune (or posted on the internet website maintained by the Chicago Tribune) as of the date of calculation of Monthly Homeownership Costs, rounded up to the nearest 1/4,
- (ii) annual estimated real property taxes, divided by 12,
- (iii) annual insurance premiums, divided by 12, for homeowners' insurance in the amount of the replacement value of the Affordable For Sale Unit, and
- (iv) monthly condominium assessment payments or similar homeowner's association payments, if applicable.

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

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

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

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

"Note" means, as applicable, City Note A, City Note 1 or City Note 2, and **"Notes"** means all such notes.

"Pay-As-You-Go Reimbursement" has the meaning defined in Section 4.03(e).

"PD" has the meaning defined in the recitals.

"Permitted Liens" means those liens and encumbrances against the buildings in the

Project and/or the Project stated in Exhibit G.

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

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

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

"Procurement Program" has the meaning defined in Section 10.03.

"Project" has the meaning defined in the recitals.

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

"Property" has the meaning defined in the recitals.

"Qualified Household" means a single person, family or unrelated persons living together whose adjusted income is not more than 120% of the Chicago-area median income, adjusted for family size, as such adjusted income and Chicago-area median income are determined from time to time by HUD for purposes of Section 8 of the United States Housing Act of 1937. As of the Closing Date, such income limitations are as follows:

<u># of Persons In Household</u>	<u>120% of AMI</u>
1	\$63,350
2	\$72,350
3	\$81,500
4	\$90,500
5	\$97,700
6	\$105,000

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

"Qualified Transfer of City Note A" means the pledge of City Note A to a lender providing Lender Financing.

"Qualified Transfer of City Note 1" means (i) the pledge of City Note 1 to a Lender providing Lender Financing or (ii) the sale or assignment of City Note 1 as long as (a) any sale or assignment is to a Qualified Investor with no view to resale or reassignment, or the City has given its prior written consent to such proposed sale or assignment and (b) any sale or assignment is subject to the terms and procedures of an acceptable investment letter, and (c) any such sale or assignment occurs after the issuance of the Certificate.

"Qualified Transfer of City Note 2" means (i) the pledge of City Note 2 to a Lender providing Lender Financing or (ii) the sale or assignment of City Note 2 as long as (a) any sale or assignment is to a Qualified Investor with no view to resale or reassignment, or the City has

given its prior written consent to such proposed sale or assignment and (b) any sale or assignment is subject to the terms and procedures of an acceptable investment letter, and (c) any such sale or assignment occurs after the issuance of the Certificate.

“Recorded Affordability Documents” means, collectively: the City Regulatory Agreements; that certain Declaration of Restrictive Covenants by and among the CHA, Developer and Rental Owner dated as of the date hereof; that certain Property Rights Agreement by and among the CHA, Developer and Rental Owner dated as of the date hereof; that certain Regulatory and Operating Agreement by and among the CHA, Developer and the Rental Owner dated as of the date hereof; and that certain Land Use Restriction Agreement between the CHA and Rental Owner dated as of the date hereof.

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

“Redevelopment Plan” has the meaning defined in the recitals.

“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.

“Rental Owner” has the meaning defined in the Agreement preamble.

“Rental Units” shall mean the 100 units in the Project which, upon completion of construction, shall be sold to the Rental Owner and thereafter leased (or otherwise made available for occupancy) to CHA Residents by the Rental Owner.

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

“Site Plan” has the meaning defined in the recitals.

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

“State” means the State of Illinois as defined in the recitals.

“Substantial Completion” means a written determination by DPD that the Project has been substantially completed in accordance with the terms and conditions of this Agreement. DPD shall not make a determination of Substantial Completion until all of the following shall have occurred: 100% of the Rental Units shall have been built and ownership thereof transferred to the Rental Owner; 90% of the Affordable For Sale Units shall have been built and 75% of the constructed Affordable For Sale Units shall be sold or under contract for sale; and 90% of the Market Rate For Sale Units shall have been built and 50% of the constructed Market Rate For Sale Units shall be sold or under contract for sale.

“Survey” means an urban plat of survey in the most recently revised form of ALTA/ACSM land title survey of the Property dated within 45 days prior to the Closing Date, reasonably acceptable in form and content to the City and the Title Company, prepared by a surveyor registered in the State, certified to the City and the Title Company, and indicating

whether the Property is in a flood hazard area as identified by the United States Federal Emergency Management Agency (and any updates thereof to reflect improvements to the Property as required by the City or the lender(s) providing Lender Financing, if any).

"Term of the Agreement" means the period of time commencing on the Closing Date and ending on December 31, 2028, such date being the last day of the calendar year in which taxes levied in the year that is 23 years after the creation of the Redevelopment Area are paid.

"TIF Adoption Ordinance" has the meaning stated in the recitals.

"TIF Bonds" has the meaning defined for such term in the recitals.

"TIF Bond Ordinance" has the meaning stated in the recitals.

"TIF Bond Proceeds" has the meaning stated in the recitals.

"TIF Ordinances" has the meaning stated in the recitals.

"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 Near North National Title, LLC.

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

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

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

SECTION THREE: THE PROJECT

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

3.02 **Scope Drawings and Plans and Specifications**. Developer has delivered the Scope Drawings and Plans and Specifications to DPD and DPD has approved them or DPD has agreed to approve them as a post-closing item. After such initial approval, subsequent proposed changes to the Scope Drawings or Plans and Specifications within the scope of Section 3.04 will be submitted to DPD as a Change Order under Section 3.04. The Scope Drawings and Plans and Specifications will at all times conform to the Redevelopment Plan as in effect on the date of this Agreement, and all applicable Federal, State and local laws, ordinances and regulations.

Developer Parties will submit all necessary documents to the City's Department of Buildings, Department of Transportation, and to such other City departments or governmental authorities as may be necessary to acquire building permits and other required approvals for the Project.

3.03 Project Budget. Developer has furnished to DPD, and DPD has approved, a Project Budget which is Exhibit C-1, showing total costs for the Project in an amount not less than \$99,138,370. Developer hereby certifies to the City that: (a) in addition to City Funds, the Lender Financing and/or Equity described in Exhibit K shall be sufficient to pay for all Project costs; and (b) the Project Budget is true, correct and complete in all material respects. Developer will promptly deliver to DPD copies of any Change Orders with respect to the Project Budget as provided in Section 3.04.

3.04 Change Orders. Except as provided in subparagraph (b) below, all Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project must be submitted by Developer to DPD concurrently with the progress reports described in Section 3.07; provided, however, that any Change Orders relating to any of the following must be submitted by Developer to DPD for DPD's prior written approval: (i) a reduction by more than five percent (5%) in the square footage of the Project, or (ii) a change in the basic use of the Property and improvements, (iii) an increase in the Project budget by more than 10% or (iv) a delay in the Project completion date of more than 120 days, or (v) Change Orders costing more than \$250,000 each, or more than \$2,000,000 in the aggregate. DPD will respond to Developer's request for written approval within 30 days from receipt of such request by granting or denying such request or by requesting additional information from Developer. If DPD does not respond to Developer's request, and if Developer has complied with the requirements for notice stated in Section 17.02, then Developer's request will be deemed to have been approved by DPD. Developer Parties will not authorize or permit the performance of any work relating to any Change Order requiring DPD's prior written approval or the furnishing of materials in connection therewith prior to the receipt by Developer of DPD's written approval. The Construction Contract, and each contract between the General Contractor and any subcontractor, will contain a provision to this effect. An approved Change Order will not be deemed to imply any obligation on the part of the City to increase the amount of City Funds or to provide any other additional assistance to Developer.

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

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

3.07 Progress Reports and Survey Updates. After the Closing Date, on or before the 15th day of each reporting month, Developer will provide DPD with written quarterly construction progress reports detailing the status of the Project, including a revised completion date, if necessary (with any delay in completion date being considered a Change Order, requiring DPD's written approval under Section 3.04). Developer must also deliver to the City written

progress reports by draw, but not less than quarterly, detailing compliance with the requirements of Section 8.08 (Prevailing Wage), Section 10.02 (City Resident Construction Worker Employment Requirement) and Section 10.03 (Developer's MBE/WBE Commitment). If the reports reflect a shortfall in compliance with the requirements of Sections 8.08, 10.02 and 10.03, then there must also be included a written plan from Developer acceptable to DPD to address and cure such shortfall. At Project completion, upon the request of DPD, Developer will provide 3 copies of an updated Survey to DPD reflecting improvements made to the Property.

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

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

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

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

3.12 Permit Fees. In connection with the Project, Developer is obligated to pay only those building, permit, engineering, tap on, 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 that promotes, enables, and maximizes universal access throughout the Project. Plans for all buildings on the Property and related improvements have been reviewed and approved by the Mayor's Office for People with Disabilities ("MOPD") to ensure compliance with all applicable laws and regulations related to access for persons with disabilities and to promote the highest standard of accessibility.

SECTION FOUR: FINANCING

4.01 **Total Project Cost and Sources of Funds.** The cost of the Project is estimated to be \$99,463,760 to be applied in the manner stated in the Project Budget and funded from the sources identified in Exhibit K.

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.

4.03 **City Funds.**

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

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

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

(b) **Sources of City Funds - City Notes.** Subject to the terms and conditions of this Agreement, including but not limited to this Section 4.03 and Section 5, the City hereby agrees to issue Notes to Developer as follows: (1) City Note A for up to \$7,500,000 to be issued on the Closing Date; (2) City Note 1 for up to \$7,500,000, plus any accrued interest on City Note A (simultaneous to the refunding of City Note A), to be issued following the issuance of the Certificate; and (3) City Note 2 for up to \$2,000,000 to be issued upon the issuance of the Certificate. The principal amount of each Note will be in an amount not greater than the costs of the TIF-Funded Improvements which have been incurred by Developer (and which have not previously been counted in determining the balance of the other Note(s)) and are to be reimbursed by the City through payments of principal and interest on the Notes, subject to the provisions of this Agreement. Any payments under the Notes are subject to the amount of Available Incremental Taxes and Incremental Taxes for the Redevelopment Area, as applicable, being sufficient for such payments. The total principal amount of City Funds will be the lesser of \$12,000,000 or 13.79% of total Project costs.

(c) **Issuance of the \$7,500,000 City Note A/City Note 1.** On the Closing Date, the City will issue to Developer City Note A with the following terms and conditions:

(i) **Principal.** The principal balance for City Note A will be equal to the cost of TIF-Funded Improvements incurred by Developer prior to the issuance date, up to a maximum amount of \$7,500,000. ~~Such balance will be determined by the Certificate(s) of Expenditure issued by the City in the form of Exhibit L, EA, upon Developer providing satisfactory evidence of expenditures for TIF-Funded Improvements and compliance with the applicable requirements, and terms and conditions of this Agreement.~~ After issuance of City Note A, if the principal

balance of City Note A is less than \$7,500,000, then the principal balance of City Note A will be increased when the City issues additional Certificate(s) of Expenditure in the form of Exhibit J-1A up to a maximum amount of \$7,500,000. Following the issuance of the Certificate (the “**City Note A Refunding Date**”), to refund City Note A, the City shall issue City Note 1 in the form of Exhibit J-1B in the then-current principal amount of City Note A, plus any interest which may have accrued to City Note A, subject to the availability of unused costs of TIF-Funded Improvements which have not been used to establish the principal of City Note A.

(ii) Interest. When issued, the interest rate for City Note A will be set as follows: on the date of issuance of City Note A, the interest rate will be equal to the 20 year Treasury rate as published in the daily Federal Reserve Statistical Release (“index”) plus a margin of 250 bps (the “**City Note A Interest Rate**”) but in no event will such interest rate be greater than 9.0%.

(iii) Term. City Note A will be issued on the Closing Date and will have a term of 20 years.

(iv) Payments of Principal and Interest.

(A) Interest on City Note A will begin to accrue at the date of issuance. Amortization of principal will be over the term of 20 years as provided in the debt service schedule attached to City Note A.

(B) Payments of principal and interest on City Note A shall commence upon the issuance of the Certificate.

(C) Except as may be otherwise provided in this Agreement, Available Incremental Taxes only will be used to pay the principal of and interest on City Note A and on unpaid interest, if any. In the ordinance authorizing the issuance of the Notes, the City established an account denominated the: “Park Boulevard Project Account” within the 35th/State Redevelopment Project Area Special Tax Allocation Fund. All Available Incremental Taxes will be deposited into the Park Boulevard Project Account.

(D) Payments of principal and interest on the Notes will be made from Available Incremental Taxes deposited into the Park Boulevard Project Account as follows:

(i) First to interest due under City Note A or, once issued, City Note 1;

(ii) Next to scheduled principal payments on City Note A or, once issued, City Note 1;

(iii) Next to interest due under City Note 2; and

(iv) Next to payment of principal of City Note 2.

- (E) After the principal and interest on City Note A (or, when issued, City Note 1) and City Note 2, have been paid in full and all Notes canceled according to their terms, and any applicable Pay-As-You-Go Reimbursement (as defined below) has been paid, then the Park Boulevard Project Account will be closed and all subsequent Available Incremental Taxes will be deposited by the City in the 35th/State Redevelopment Project Area Special Tax Allocation Fund.
- (v) Insufficient Available Incremental Taxes. If the amount of Available Incremental Taxes pledged under this Agreement is insufficient to make any scheduled payment on City Note A (or, when issued, City Note 1), then: (a) the City will not be in default under this Agreement or City Note A (or, when issued, City Note 1), and (b) due but unpaid scheduled payments (or portions thereof) on City Note A (or, when issued, City Note 1) will be paid as provided in this Section 4.03 as promptly as funds become available for their payment. Interest per annum at the rate set when City Note A (or, when issued, City Note 1) will accrue on any principal or interest payments which are unpaid because of insufficient Available Incremental Taxes.
- (vi) Intentionally Omitted.
- (vii) Sale or Transfer of City Note A. After the issuance of City Note A, City Note A may be pledged in a Qualified Transfer of City Note A. Thereafter, City Note A may again be pledged in a Qualified Transfer of City Note A.
- (viii) Cessation of City Note A Payments. If an Event of Default occurs, the City will have no further obligations to make any payments with respect to City Note A and the City will have the remedies stated in Sections 7.03 and 15.02.
- (ix) Costs of Issuance of City Note A. Developer will be responsible for paying all legal and issuance costs in relation to City Note A, including all costs of bond counsel.
- (x) City Note A Refunding Date. On the City Note A Refunding Date, the City will cancel City Note A and issue to Developer City Note 1 with the terms and conditions set forth below.
- (xi) Principal. The principal for City Note 1 will be equal to the cost of TIF-Funded Improvements incurred by Developer prior to the issuance date, up to a maximum amount of \$7,500,000, plus accrued interest, if any, on City Note A. The interest rate for City Note 1 will be set as follows: On the date of issuance of City Note 1, the interest rate will be equal to the AAA 20 year G. O. Bond rate as published by Bloomberg in effect on the date of issuance plus a margin of 250 bps, (the “City Note 1 Interest Rate”) but in no event will such interest rate be greater than 9.0%.

- (xii) Term. City Note 1 will be issued on the City Note A Refunding Date and shall have a term of the earlier of 20 years and December 31, 2028 (the date the TIF Plan expires).
- (xiii) Payments of Principal and Interest.
- (A) Interest on City Note 1 will begin to accrue at the date of issuance. Amortization of principal will be over the term of City Note 1 as provided in the debt service schedule attached to City Note 1.
- (B) Payments of principal and interest will be made annually on February 1 following the date of issuance of City Note 1.
- (C) Except as may be otherwise provided in this Agreement, Available Incremental Taxes only will be used to pay the principal of and interest on City Note 1 and on unpaid interest, if any.
- (xiv) Insufficient Available Incremental Taxes. If the amount of Available Incremental Taxes pledged under this Agreement is insufficient to make any scheduled payment on the City Note 1, then: (1) the City will not be in default under this Agreement or City Note 1, and (2) due but unpaid scheduled payments (or portions thereof) on City Note 1 will be paid as provided in this Section 4.03 as promptly as funds become available for their payment. Interest per annum at the rate set when City Note 1 is issued will accrue on any principal or interest payments which are unpaid because of insufficient Available Incremental Taxes.
- (xv) Prepayment of City Note 1 by the City and Related Lock Out Period. The City may prepay City Note 1 at any time without premium or penalty, subject to the following: a five-year (60 month) period (the “City Note 1 Lock-Out Period”) will begin on the City Note A Refunding Date. During the City Note 1 Lock-Out Period, the City will not prepay City Note 1, unless this City Note 1 Lock-Out Period restriction is formally waived by the City Note 1 holder(s). Upon expiration of the City Note 1 Lock-Out Period, the City may prepay the then current balance of City Note 1 without any restrictions or conditions, together with any accrued interest.
- (xvi) Sale or Transfer of City Note 1. After the issuance of City Note 1, City Note 1 may be pledged, sold or assigned in a Qualified Transfer of City Note 1. Thereafter, City Note 1 may again be pledged, sold or assigned in a Qualified Transfer of City Note 1.
- (xvii) No Cessation of City Note 1 Payments. Notwithstanding anything to the contrary contained in this Agreement, after a Qualified Transfer of City Note 1 in compliance with Section 4.03(c)(xv) above, if an Event of Default occurs, the City will, notwithstanding such Event of Default, continue to make payments with respect to City Note 1.

(xviii) Costs of Issuance of City Note 1. Developer will be responsible for paying all legal and issuance costs in relation to City Note 1, including all costs of bond counsel.

(d) Issuance of the \$2,000,000 City Note 2. City Note 2 will be issued on even date with the Certificate with the following terms and conditions:

(i) Principal. The principal balance of City Note 2 will be established by the Certificate(s) of Expenditure issued by the City in the form of Exhibit J-2 at the date of issuance, upon Developer providing satisfactory evidence of expenditures for TIF-Funded Improvements and compliance with the applicable requirements and terms and conditions of this Agreement. After issuance of City Note 2, if the principal balance of City Note 2 is less than \$2,000,000, then the principal balance of City Note 2 may be increased when the City issues additional Certificate(s) of Expenditure in the form of Exhibit J-2 up to a maximum amount of \$2,000,000. Thereafter, based upon

(A) updated projections made by consultants chosen by the City showing an expected increase in the amount of Incremental Taxes,

(B) the principal of City Note 1 and City Note 1 Interest Rate, and

(C) the City Note 2 Interest Rate,

the principal of City Note 2 may be increased to an amount not to exceed the lesser of (Y) \$12,000,000 minus the principal amount of City Note 1, and (Z) an amount that when taken together with City Note 1 is capable of being repaid from Available Incremental Taxes.

(ii) Interest. When issued, the interest rate for City Note 2 will be set as follows: on the date of issuance of City Note 2, the interest rate will be equal to the 20 year Treasury rate as published in the daily Federal Reserve Statistical Release (“index”) plus a margin of 250 bps (the “City Note 2 Interest Rate”) but in no event will such interest rate be greater than 9.5%.

(iii) Term. City Note 2 will be issued on even date with the Certificate and will have a term of the earlier of 20 years and December 31, 2028 (the date the Redevelopment Plan expires).

(iv) Payments of Principal and Interest.

(A) Interest on City Note 2 will begin to accrue at the date of issuance. Amortization of principal will be over the term of City Note 2 as provided in the debt service schedule attached to City Note 2. Payments of principal and interest will be made annually on February 1 of each year.

- (B) Except as may be otherwise provided in this Agreement, Available Incremental Taxes only will be used to pay the principal of and interest on City Note 2 and on unpaid interest, if any. In the ordinance authorizing the issuance of City Note 2, the City will establish an account denominated the: "Park Boulevard Project Account" within the 35th/State Redevelopment Project Area Special Tax Allocation Fund. All available Incremental Taxes will be deposited into the Park Boulevard Project Account.
- (C) After the principal and interest on the Notes have been paid in full, and each Note canceled according to its terms, and any applicable Pay-As-You-Go Reimbursement (as defined below) has been paid, then the Park Boulevard Project Account will be closed and all subsequent Available Incremental Taxes will be deposited by the City in the 35th/State Redevelopment Project Area Special Tax Allocation Fund.
- (v) Insufficient Available Incremental Taxes. If the amount of Available Incremental Taxes pledged under this Agreement is insufficient to make any scheduled payment on City Note 2, then: (1) the City will not be in default under this Agreement or City Note 2, and (2) due but unpaid scheduled payments (or portions thereof) on City Note 2 will be paid as provided in this Section 4.03 as promptly as funds become available for their payment. Interest per annum at the rate set when City Note 2 is issued will accrue on any principal or interest payments which are unpaid because of insufficient Available Incremental Taxes.
- (vi) Prepayment of City Note 2 by the City and Related Lock Out Period. The City may prepay City Note 2 at any time without premium or penalty, subject to the following: a five-year (60 month) period (the "City Note 2 Lock-Out Period") will begin on issuance date of City Note 2. During City Note 2 Lock-Out Period, the City will not prepay City Note 2 unless this City Note 2 Lock-Out Period restriction is formally waived by City Note 2 holder(s). Upon expiration of City Note 2 Lock-Out Period, the City may prepay the then-current balance of City Note 2 without any restrictions or conditions, together with any accrued interest.
- (vii) Sale or Transfer of City Note 2. After the issuance of City Note 2, City Note 2 may be pledged, sold or assigned in a Qualified Transfer of City Note 2. Thereafter, City Note 2 may again be pledged, sold or assigned in a Qualified Transfer of City Note 2.
- (viii) Cessation of City Note 2 Payments. If an Event of Default occurs, the City will have no further obligations to make any payments with respect to City Note 2 and the City will have the remedies stated in Sections 7.03 and 15.02.
- (e) Pay-As-You-Go Reimbursement. Unpaid Balance at End of Note Term. Upon the expiration and/or cancellation of all of the Notes, Developer shall be entitled

to pay-as-you-go reimbursement from Available Incremental Taxes (“Pay-As-You-Go Reimbursement”), subject to the availability of unused costs of TIF-Funded Improvements which have not been used to establish the principal of the Notes. In no event shall City Funds paid under this subsection be in the aggregate principal amount greater than \$12,000,000.

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

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

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

(c) Sales of Assets or Equity. For purposes of this Section 4.04, the phrase: “sale or transfer of any part of the Property or Project” includes any sales or transfers which are a part of the sale or transfer of all or substantially all of Developer’s assets or equity. The foregoing restrictions of this Section 4.04 do not apply to: (i) the planned sale of the For Sale Units or parking condo units to end-users; (ii) the planned sale of the Rental Units to the Rental Owner; (iii) the sale of any commercial or retail space; (iv) transfers of the master lease; (v) transfers to any condominium association; and (vi) any dedications or easements required by the subdivision, PD or applicable law.

4.05 City Rights to Discontinue or Suspend Payments under City Note 2 or Pay-As-You-Go Reimbursement. The City has the right to discontinue or suspend payments applicable to City Note 2 or Pay-As-You-Go Reimbursement under the following circumstances:

(a) Sale Requirements. If Developer fails to comply with the approval requirement in Section 4.04(a) or the notice requirement in Section 4.04(b).

(b) Permitted Uses. If Developer fails to comply with the permitted uses for the Property under the PD or other applicable zoning requirements.

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

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

4.08 **TIF Bonds.** The Commissioner of DPD may, in his or her sole discretion, recommend that the City Council approve an ordinance or ordinances authorizing the issuance of TIF Bonds in an amount which, in the opinion of the City Comptroller, is marketable under the then current market conditions. The proceeds of TIF Bonds may be used to pay the outstanding principal and accrued interest (through the date of prepayment) under the Notes and for other purposes as the City may determine in all instances subject to the restrictions applicable during City Note 1 Lock-Out Period and City Note 2 Lock-Out Period. The costs of issuance of the TIF Bonds would be borne solely by the City. Developer will cooperate with the City in the issuance of the TIF Bonds, as provided in Section 8.05.

SECTION FIVE: CONDITIONS PRECEDENT

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

5.01 **Project Budget.** Developer Parties 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 Parties will have submitted to DPD, and DPD will have approved, the Scope Drawings and Plans and Specifications as provided in Section 3.02.

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

5.04 **Financing.**

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

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

Agreement.

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

(d) The City agrees that the Developer Parties may collaterally assign their respective interests in this Agreement to any of their collective or respective lenders if any such lenders require such collateral assignment.

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

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

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

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

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

5.08 **Insurance.** Developer, at its own expense, will have insured the Property and the Project as required under Section 12. Prior to the Closing Date, certificates required under Section 12 evidencing the required coverages will have been delivered to DPD.

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

from its general corporate counsel.

5.10 **Evidence of Prior Expenditures.** Developer Parties will have provided evidence satisfactory to DPD of the Prior Expenditures as provided in Section 4.06.

5.11 **Financial Statements.** Developer Parties will have provided Financial Statements to DPD for their fiscal year 2003, and their most recently available unaudited interim Financial Statements.

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

5.13 **Environmental Audit.** Developer Parties will have provided DPD with copies of all phase I environmental audits completed with respect to the Property, if any, and a letter from the environmental engineer(s) who completed such audit(s), authorizing the City to rely on such audits. If environmental issues exist on the Property, the City will require written verification from the Illinois Environmental Protection Agency that all identified environmental issues have been or will be resolved to its satisfaction.

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

5.15 **Litigation.** Developer Parties will provide to Corporation Counsel and DPD a description of all pending or threatened litigation or administrative proceedings involving Developer Parties or any Affiliate of Developer Parties specifying, in each case, the amount of each claim, an estimate of probable liability, the amount of any reserves taken in connection therewith, and whether (and to what extent) such potential liability is covered by insurance.

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

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

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

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

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

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

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

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

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

SECTION SIX: AGREEMENTS WITH CONTRACTORS

6.01 Bid Requirement for General Contractor and Subcontractors.

(a) DPD acknowledges that Developer has selected Walsh Construction or an Affiliate as the General Contractor for the Project. Developer will cause the General Contractor to solicit bids for work on the Project solely from qualified subcontractors eligible to do business with the City of Chicago.

(b) Developer must submit copies of the Construction Contract to DOH as required under Section 6.02 below. Upon the written request of the City, Developer will provide photocopies of all subcontracts entered or to be entered into in connection with the Project within five (5) Business Days of the execution thereof. The Developer must ensure that the General

Contractor will not (and must cause the General Contractor to ensure that the subcontractors will not) begin work on the Project (or any phase thereof) until the applicable Plans and Specifications for that phase have been approved by the City and all requisite permits have been obtained.

6.02 **Construction Contract.** Prior to the execution thereof, Developer must deliver to DOH a copy of the proposed Construction Contract with the General Contractor selected to work on the Project, for DOH's prior written approval. Following execution of such contract by Developer, the General Contractor and any other parties thereto, Developer must deliver to DOH and Corporation Counsel a certified copy of such contract together with any modifications, amendments or supplements thereto.

6.03 **Performance and Payment Bonds.** Prior to commencement of construction of any work in the public way, Developer will require 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 I. The City will be named as obligee or co-obligee on such bond.

6.04 **Employment Opportunity.** Developer will contractually obligate and cause the General Contractor to agree and contractually obligate each subcontractor to agree to the provisions of Section 10; provided, however, that the contracting, hiring and testing requirements associated with the MBE/WBE and the City resident obligations in Section 10 shall be applied on an aggregate basis and the failure of the General Contractor to require each subcontractor to satisfy or the failure of any one subcontractor to satisfy, such obligation shall not result in a default or a termination of this Agreement or require payment of the City resident hiring shortfall amounts so long as such Section 10 obligations are satisfied on an aggregate basis.

6.05 **Other Provisions.** In addition to the requirements of this Section 6, the Construction Contract and each contract with any subcontractor must contain provisions required under Section 3.04 (Change Orders), Section 8.08 (Prevailing Wage), Section 10.01(e) (Employment Opportunity), Section 10.02 (City Resident Construction Worker Employment Requirement), Section 10.03 (Developer's MBE/WBE Commitment), Section 12 (Insurance) and Section 14.01 (Books and Records).

SECTION SEVEN: COMPLETION OF CONSTRUCTION

7.01 **Certificate of Completion of Construction.**

(a) Upon Substantial Completion of the construction of the Project in compliance with the terms and conditions 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 compliance with the terms and conditions of this Agreement. DPD will respond to Developer's written request for a Certificate within 30 days by issuing either a Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed and the measures which must be taken by Developer in order to obtain the Certificate. Developer may resubmit a written request for a Certificate upon completion of such measures, and the City will respond within 30 days in the same way as the procedure for the initial request. Such process may repeat until the City issues a Certificate.

(b) Developer acknowledges and understands that the City will not issue a Certificate until the City's Monitoring and Compliance unit has determined in writing that Developer is in complete compliance with all City requirements (M/WBE, City residency and prevailing wage) as required in this Agreement.

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 the Certificate, however, all executory terms and conditions of this Agreement and all representations and covenants contained herein will continue to remain in full force and effect throughout the Term of the Agreement as to the parties described in the following paragraph, and the issuance of the Certificate must not be construed as a waiver by the City of any of its rights and remedies under such executory terms.

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

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

(a) the right to terminate this Agreement and cease all disbursement of City Funds not yet disbursed under this Agreement (provided, however, under no circumstances shall the City suspend or cease disbursement of principal and interest payments on City Note 1);

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

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

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.

7.05 Release of Agreement as to Conveyed For Sale Units. DPD shall provide Developer, at Developer's written request delivered from time to time in connection with the sale of the Affordable For Sale Units (provided Developer is in compliance with Section 8.19 hereof), in accordance with the terms of this Agreement, with a written partial release in recordable form stating this Agreement is no longer an encumbrance against any such units so as to enable Developer to deliver good and marketable title to such units. DPD shall provide Developer, following the recording of the condominium declarations relating to the Market Rate For Sale Units, in accordance with the terms of this Agreement, with a written partial release in recordable form stating this Agreement in no longer an encumbrance against any such units so as to enable Developer to deliver good and marketable title to such units.

SECTION EIGHT: REPRESENTATIONS, WARRANTIES AND COVENANTS OF DEVELOPER.

8.01 General. Developer and Rental Owner represent, warrant, and covenant, as of the date of this Agreement and as of the date of issuance of any of the Notes as follows. Representations, warranties and covenants denoted (D Only) or (RO Only) shall be deemed to have been made only by Developer or Rental Owner, as applicable; otherwise, they shall be deemed to apply to both.

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

(b) Developer consists of five members with the following corresponding interests: Mesa Stateway Associates, LLC, an Illinois limited liability company (23.75%); Kimball Hill Stateway, Inc., an Illinois corporation (23.75%); Walsh Ventures Management, LLC, a Delaware limited liability company (23.75%); NRP Stateway, LLC, an Illinois limited liability company (23.75%); and JLM Investment LLC, an Illinois Limited liability company (5%) (D only).

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

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

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

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

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

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

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

(j) Developer is not in default with respect to any indenture, loan agreement, mortgage, deed, note or any other agreement or instrument related to the borrowing of money to which Developer is a party or by which Developer or any of its assets is bound which would materially adversely effect its ability to comply with its obligations under this Agreement (D only);

(k) 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 (D only);

(l) prior to the issuance of the Certificate, if it would materially adversely affect Developer's ability to perform its obligations under this Agreement, Developer will not do any of the following without the prior written consent of DPD: (1) be a party to any merger, liquidation or consolidation; (2) sell, transfer, convey, lease or otherwise dispose (directly or indirectly) of all or substantially all of its assets or any portion of the Property or the Project (including but not limited to any fixtures or equipment now or hereafter attached thereto) except in the ordinary course of business or in accordance with Section 4.04; (3) enter into any transaction outside the ordinary course of Developer's business; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity; or (5) enter into any transaction that would cause a material and detrimental change to Developer's financial condition; provided, however, this section shall not apply to any commercial leases entered into in the ordinary course of business, it being acknowledged that Developer shall have the right to enter into commercial leases in the ordinary course of business for all or any portion of the Property on such terms as are determined by Developer (D only);

(m) Developer has not incurred and, prior to the issuance of the Certificate, will not, without the prior written consent of the Commissioner of DPD, allow the existence of any liens against the Project other than the Permitted Liens; or incur any indebtedness secured or to be

secured by the Project or any fixtures now or hereafter attached thereto, except Lender Financing disclosed in the Project Budget (D only);

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

(o) None of Developer, Rental Owner, or 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 List, the Unverified List, the Entity List and the Debarred List. For purposes of this subsection only, "affiliate" means a person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified person or entity, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.

8.02 Covenant to Redevelop. Upon DPD's approval of the Scope Drawings and Plans and Specifications, and the Project Budget as provided in Sections 3.02 and 3.03, and Developer's receipt of all required building permits and governmental approvals, Developer will redevelop the Property in compliance with this Agreement, the TIF Ordinances, the PD, the CHA Redevelopment Agreement, the Scope Drawings, the Plans and Specifications, the Project Budget and all amendments thereto, and all Federal, State and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project and/or Developer. Specifically, Developer shall:

- (a) construct the improvements constituting the For Sale Units, the Rental Units, the parking spaces and the retail space in accordance with the recitals and Section 8.19;
- (b) fund the construction of the Project in accordance with Section 4.01;
- (c) sell the Rental Units to the Rental Owner in accordance with the CHA Redevelopment Agreement;
- (d) sell the Affordable For Sale Units to Qualified Households at an Affordable Price;
- (e) sell the other For Sale Units to private purchasers at market rates; and
- (f) cause its General Contractor (or, if such work is subcontracted or handled by a third party, such subcontractor or third party) to complete such work and provide such cooperation with the City and CHA as may be necessary to cover one or more NFRLs as may necessary or appropriate to cover the entire Property.

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

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

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

8.05 Other Bonds. At the request of the City, and subject to City Note 1 Lock-Out Period and City Note 2 Lock-Out Period during which prepayment of City Note 1 is prohibited, Developer and Rental Owner will agree to any reasonable amendments to this Agreement that are necessary or desirable in order for the City to issue (in its sole and absolute discretion) TIF Bonds or other bonds ("**Bonds**") in connection with the Project or the Redevelopment Area, the proceeds of which are to be used to reimburse the City for expenditures made in connection with the TIF-Funded Improvements; provided, however, that any such amendments will not have a material adverse effect on Developer, the Rental Owner or the Project and provided further, however, that payment obligations relating to any such Bonds shall be subordinate to the City's obligations hereunder with respect to payments under the Notes or the proceeds of such Bonds shall be used to fully retire the Notes. Developer and Rental Owner will cooperate and provide reasonable assistance in connection with the marketing of any such Bonds, including but not limited to providing written descriptions of the Project, making representations, providing information regarding its financial condition, and assisting the City in its preparation of an offering statement with respect thereto. Neither Developer nor Rental Owner will 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 or Rental Owner that is determined to be false and misleading.

8.06 Employment Opportunity.

(a) Developer covenants and agrees to abide by, and contractually obligate and use reasonable efforts to cause the General Contractor and, as applicable, to cause the General Contractor to contractually obligate each subcontractor to abide by the terms set forth in Section 8.08 and Section 10; provided, however, that the contracting, hiring and testing requirements associated with the MBE/WBE and City resident obligations in Section 10 shall be applied on an aggregate basis and the failure of the General Contractor to require each subcontractor to satisfy, or the failure of any one subcontractor to satisfy, such obligations shall not result in a default or a termination of the Agreement or require payment of the City resident hiring shortfall amount so long as such Section 10 obligations are satisfied on an aggregate basis. Developer will submit to DPD a plan describing its compliance program prior to the Closing Date.

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

deliver a plan to DPD which will outline, to DPD's satisfaction, the manner in which Developer will correct any shortfall.

8.07 **Employment Profile.** Developer will 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 "Labor Department"), to all of their respective employees working on constructing the Project or otherwise completing the TIF-Funded Improvements. All such contracts will list the specified rates to be paid to all laborers, workers and mechanics for each craft or type of worker or mechanic employed pursuant to such contract. If the Labor Department revises such prevailing wage rates, the revised rates will apply to all such contracts. Upon the City's request, Developer will provide the City with copies of all such contracts entered into by Developer or the General Contractor to evidence compliance with this Section 8.08.

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

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

8.11 **Disclosure of Interest.** Neither Developer's nor Rental Owner's counsel has direct or indirect financial ownership interest in Developer, Rental Owner, the Property, or any other feature of the Project.

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

8.13 **Insurance.** Solely at its own expense, Developer will comply with all provisions of Section 12 hereof.

8.14 Non-Governmental Charges.

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

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

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

(ii) at DPD's sole option, to furnish a good and sufficient bond or other security satisfactory to DPD in such form and amounts as DPD will require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such transfer or forfeiture of the Property or any portion thereof or any fixtures that are or may be attached thereto, during the pendency of such contest, adequate to pay fully any such contested Non-Governmental Charges and all interest and penalties upon the adverse determination of such contest.

(c) Applicability After Conversion to Condominium Units. This Section 8.14 shall not apply to Non-Governmental Charges payable by, or contestable by other owners of any individual residential, commercial or parking units of the Project or any other portion of the Property until after such time as any such owners, under the terms of their purchase contracts and/or the governing condominium and other declaration instruments recorded or to be recorded against the Property, become responsible for the payment of Non-Governmental Charges attributable to their respective units or other affected portion of the Property.

8.15 Developer's Liabilities. Neither Developer nor Rental Owner will enter into any transaction that would materially and adversely affect its ability to perform its obligations under this Agreement. Developer and Rental Owner will immediately notify DPD of any and all events or actions which may materially affect such party's ability to carry on its business operations or perform its obligations under this Agreement or any other documents and agreements related to this Agreement or the Project.

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

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

8.18 **Real Estate Provisions.**

(a) **Governmental Charges.**

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

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

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

(y) Developer will furnish a good and sufficient bond or other security satisfactory to DPD in such form and amounts as DPD may require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a

stay of any such sale or transfer or forfeiture of the Property during the pendency of such contest, adequate to pay fully any such contested Governmental Charge and all interest and penalties upon the adverse determination of such contest.

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

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

8.19 Affordability Requirements.

(a) Affordable Units. Of the 311 units comprising the Project, 100 units (or 32% of the Project's units) shall be Rental Units affordable to households averaging less than 50% AMI; 72 units (or 23% of the Project's units) shall be Affordable For Sale Units, affordable to households with AMI not greater than 120%; and 139 units shall be Market Rate For Sale Units. The further breakdown of the units shall be as follows:

Number of Buildings	Type of Building	CHA Rental	Affordable For Sale	Market Rate For Sale	Total
6	Mid-rise	61	66	81	208
8	Townhomes	16	0	17	33
13	3, 4, 5 & 6 Flats	23	6	29	58
12	Single Family	0	0	12	12
39	Total	100	72	139	311

(b) Rental Units. The affordability requirements applicable to the Rental Units, as set forth in the Recorded Affordability Documents, shall be covenants running with the land and shall survive any foreclosure of any portion of the Property or any leasehold interest therein for the applicable affordability periods set forth in such agreement;

(c) Affordable For Sale Units. Developer shall sell each Affordable For Sale Unit to a Qualified Household for the applicable affordable price set forth on Exhibit L.

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

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

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

8.23 **Survival of Covenants.** All warranties, representations, covenants and agreements of Developer contained in this Section 8 and elsewhere in this Agreement are true, accurate and complete at the time of Developer's execution of this Agreement, and will survive the execution, delivery and acceptance by the parties and (except as provided in Section 7 upon the issuance of the Certificate) will be in effect throughout the Term of the Agreement.

SECTION 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 Section 9 or elsewhere in this Agreement shall be true, accurate, and complete at the time of the City's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and be in effect throughout the Term of the Agreement.

SECTION TEN: DEVELOPER'S EMPLOYMENT OBLIGATIONS

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

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

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

(c) Each Employer will comply with all applicable Federal, State and local equal employment and affirmative action statutes, rules and regulations, including but not limited to the City's Human Rights Ordinance and the State Human Rights Act, 775 ILCS 5/1-101 et. seq. (2002 State Bar Edition, as amended), and any subsequent amendments and regulations promulgated thereto.

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

(e) Each Employer will include the foregoing provisions of subparagraphs (a) through (d) in every construction contract entered into in connection with the Project (other than for remediation and demolition entered into prior to the date of this Agreement), and will require

inclusion of these provisions in every subcontract entered into by any subcontractors and every agreement with any Affiliate operating on the Property, so that each such provision will be binding upon each contractor, subcontractor or Affiliate, as the case may be.

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

10.02 City Resident Construction Worker Employment Requirement.

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

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

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

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

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

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

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

(h) Good faith efforts on the part of Developer, the General Contractor and each subcontractor to provide utilization of actual 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 Section 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 Section. Therefore, in such a case of non-compliance, it is agreed that 1/20 of 1 percent (0.0005) of the aggregate hard construction costs set forth in the Project Budget undertaken by Developer (and specifically excluding any tenant improvements which are not undertaken by Developer) (the product of .0005 x such aggregate hard construction costs) (as the same will be evidenced by approved contract value for the actual contracts) will be surrendered by Developer to the City in payment for each percentage of shortfall toward the stipulated residency requirement. Failure to report the residency of employees entirely and correctly will result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. The willful falsification of statements and the certification of payroll data may subject Developer, the General Contractor and/or the subcontractors to prosecution. Any retainage to cover contract performance that may become due to Developer pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Chief Procurement Officer's determination as to whether Developer must surrender damages as provided in this paragraph.

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

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

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

(a) Consistent with the findings which support, as applicable, (i) the Minority-Owned and Women-Owned Business Enterprise Procurement Program, Section 2-92-420 et seq., Municipal Code of Chicago (the "**Procurement Program**"), and (ii) the Minority- and Women-Owned Business Enterprise Construction Program, Section 2-92-650 et seq., Municipal Code of Chicago (the "**Construction Program**," and collectively with the Procurement Program, the "**MBE/WBE Program**"), and in reliance upon the provisions of the MBE/WBE Program to the extent contained in, and as qualified by, the provisions of this Section 10.03, during the course of

the Project, at least the following percentages of the aggregate hard construction costs (as set forth in the Project Budget) shall be expended for contract participation by minority-owned businesses (“MBEs”) and by women-owned businesses (“WBEs”):

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

(b) For purposes of this Section 10.03 only:

(i) The Developer (and any party to whom a contract is let by 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" or a “construction contract” as such terms are defined in Sections 2-92-420 and 2-92-670, Municipal Code of Chicago, as applicable.

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

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

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

(d) The Developer shall deliver quarterly reports to the City's monitoring staff during the Project describing its efforts to achieve compliance with this MBE/WBE commitment. Such reports shall include, *inter alia*, the name and business address of each MBE and WBE solicited by Developer or the General Contractor to work on the Project, and the responses received from such solicitation, the name and business address of each MBE or WBE actually involved in the Project, a description of the work performed or products or services supplied, the date and amount of such work, product or service, and such other information as may assist the City's monitoring staff in determining Developer's compliance with this MBE/WBE commitment. The

Developer shall maintain records of all relevant data with respect to the utilization of MBEs and WBEs in connection with the Project for at least five years after completion of the Project, and the City's monitoring staff shall have access to all such records maintained by Developer, on five 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 shall be obligated to discharge or cause to be discharged the disqualified General Contractor or subcontractor, and, if possible, identify and engage a qualified MBE or WBE as a replacement. For purposes of this subsection (e), the disqualification procedures are further described in Sections 2-92-540 and 2-92-730, Municipal Code of Chicago, as applicable.

(f) Any reduction or waiver of Developer's MBE/WBE commitment as described in this Section 10.03 shall be undertaken in accordance with Sections 2-92-450 and 2-92-730, Municipal Code of Chicago, as applicable.

(g) Prior to the commencement of the Project, Developer shall be required to meet with the City's monitoring staff with regard to Developer's compliance with its obligations under this Section 10.03. The General Contractor and all major subcontractors shall be required to attend this pre-construction meeting. During said meeting, Developer shall demonstrate to the City's monitoring staff its plan to achieve its obligations under this Section 10.03, the sufficiency of which shall be approved by the City's monitoring staff. During the Project, Developer shall submit the documentation required by this Section 10.03 to the City's monitoring staff, including the following: (i) subcontractor's activity report; (ii) contractor's certification concerning labor standards and prevailing wage requirements; (iii) contractor letter of understanding; (iv) monthly utilization report; (v) authorization for payroll agent; (vi) certified payroll; (vii) evidence that MBE/WBE contractor associations have been informed of the Project via written notice and hearings; and (viii) evidence of compliance with job creation/job retention requirements. Failure to submit such documentation on a timely basis, or a determination by the City's monitoring staff, upon analysis of the documentation, that Developer is not complying with its obligations under this Section 10.03, shall, upon the delivery of written notice to Developer, be deemed an Event of Default. Upon the occurrence of any such Event of Default, in addition to any other remedies provided in this Agreement, the City may: (1) issue a written demand to Developer to halt the Project, (2) withhold any further payment of any City Funds to Developer or the General Contractor, or (3) seek any other remedies against Developer available at law or in equity.

SECTION 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 (taking into account the anticipated issuance and applicability of any NFRLs issued with respect to the Property), this Agreement and all Exhibits, the Scope Drawings, the Plans and Specifications and all amendments thereto, the TIF Bond Ordinance, if any, and the Redevelopment Plan.

Without limiting any other provisions hereof, Developer agrees to indemnify, defend and hold the City (except with respect to Existing Materials and any gross negligence or wanton or

willful misconduct by the City) harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses or claims of any kind whatsoever including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Laws incurred, suffered by or asserted against the City as a direct or indirect result of any of the following, regardless of whether or not caused by, or within the control of 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 all or any portion of the Property, or (ii) any liens against the Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligation of the City or Developer or any of its Affiliates under any Environmental Laws relating to the Property.

This Section shall not be construed to require Developer to assume any of the obligations of the CHA with respect to remediation work required to be performed by the CHA, and Developer may exercise such rights and remedies it may have to enforce the CHA's performance of the work, provided, however, that this sentence shall not be construed to limit Developer's indemnification obligations hereunder.

SECTION TWELVE: INSURANCE

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 and Throughout the Period of Developer's Ownership

(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.

(iii) All Risk Property Insurance

All Risk Property Insurance in the amount of the full replacement value of the buildings in the Project. The City is to be named as an additional insured.

(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 or within 50 feet of 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) After Completion of Construction

- (i) All Risk Property Insurance, including improvements and betterments in the amount of full replacement value of the Property. Coverage extensions shall include business interruption/loss of rents, flood and boiler and machinery, if applicable. The City of Chicago shall be named as an additional insured and loss payee.
- (ii) Commercial General Liability insurance as described above in subparagraph (b)(ii). The City of Chicago shall be named an additional insured on a primary, non-contributory basis.

The Developer shall cause the insurance requirements in this subparagraph (c) to be incorporated in the applicable condominium declarations.

(d) Other Requirements

- (i) Developer and Rental Owner (and, upon request, any condominium association) 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.

(e) Rental Owner shall not be required to comply with the provisions of this Section 12 until it becomes the owner of one or more Rental Units. Thereafter, Rental Owner, and not Developer, shall comply with the insurance requirements applicable to such Rental Units.

SECTION THIRTEEN: INDEMNIFICATION

13.01 **General Indemnity.** Each of Developer and Rental Owner agrees to severally, but not jointly, 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 or Rental Owner's (as applicable) failure to comply with any of the terms, covenants and conditions contained within this Agreement; or
- (ii) Developer's or any contractor's failure to pay General Contractors, subcontractors or materialmen in connection with the TIF-Funded Improvements or any other Project feature or improvement; or
- (iii) the existence of any material misrepresentation or omission in this Agreement, any offering memorandum or the Redevelopment Plan or any other document related to this Agreement that is the result of information supplied or omitted by Developer or Rental Owner or any Affiliate or any of their respective agents, employees, contractors or persons acting under the control or at the request of Developer or Rental Owner or any Affiliate; or
- (iv) Developer's or Rental Owner's failure to cure any misrepresentation in this Agreement or any other document or agreement relating hereto; or
- (v) any act or omission by Developer or Rental Owner or any Affiliate.

provided, however, that neither Developer nor Rental Owner shall have any 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 or Rental Owner, as applicable, will contribute the maximum portion that it is permitted to pay and satisfy under applicable law, to the payment and satisfaction of all indemnified liabilities incurred by the Indemnitees or any of them. The provisions of the undertakings and indemnification set out in this Section 13.01 will survive the termination of this Agreement.

SECTION FOURTEEN: MAINTAINING RECORDS/RIGHT TO INSPECT

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

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

SECTION FIFTEEN: DEFAULT AND REMEDIES

15.01 Events of Default. The occurrence of any one or more of the following events, subject to the provisions of Section 15.03, will constitute an "Event of Default" by Developer or Rental Owner, as applicable, hereunder (provided, however, the occurrence of an Event of Default by Developer shall not be deemed to constitute an Event of Default by Rental Owner and the occurrence of an Event of Default by Rental Owner shall not be deemed to constitute an Event of Default by Developer):

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

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

(c) the making or furnishing by Developer or Rental Owner 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 or Rental Owner to create, any lien or other encumbrance upon the Property or the Project, including any fixtures now or hereafter attached thereto, other than the Permitted Liens, or the making or any attempt to make any levy, seizure or attachment thereof;

(e) the commencement of any proceedings in bankruptcy by or against Developer or Rental Owner or for the liquidation or reorganization of Developer or Rental Owner, or alleging that Developer or Rental Owner is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of Developer's or Rental Owner'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 or Rental Owner; 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 or Rental Owner, for any substantial part of Developer's or Rental Owner's assets, or the institution of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of Developer or Rental Owner; provided, however, that if such appointment or commencement of proceedings is involuntary, such action will not constitute an Event of Default unless such appointment is not revoked or such proceedings are not dismissed within 60 days after the commencement thereof;

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

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

(i) the dissolution of Developer (except after sale of the final For Sale Units and the reserving of any statutorily required reserves to cover any post-dissolution liabilities) or Rental Owner; or

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

For purposes of Section 15.01(j) hereof, a natural person with a material interest in Developer is one owning in excess of thirty-three percent (33%) of Developer's or Developer's ultimate parent entity's issued and outstanding ownership shares or interest.

15.02 **Remedies.** Upon the occurrence of an Event of Default, the City may suspend payment of City Funds, provided, however, that after a Qualified Transfer of City Note 1, the City will not suspend payment of any principal or interest due and owing under City Note 1.

The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to injunctive relief or the specific performance of the agreements contained herein. To the extent permitted by law, the City may also lien the Property. Without limiting the generality of the foregoing, with respect to Events of Defaults by Developer prior to the issuance of a Certificate, the City shall be entitled to seek reimbursement of City Funds from Developer and, if such Event of Default is attributable to Rental Owner's default, from Rental Owner. If an Event of Default attributable to Developer's acts or omissions occurs after the issuance of a Certificate, in no event shall the City be entitled to exercise remedies against Rental Owner or the Rental Units previously conveyed to Rental Owner or against For Sale Units previously conveyed to purchasers. If an Event of Default attributable to Rental Owner's acts or omissions occurs, in no event shall the City be entitled to exercise remedies against Developer or For Sale Units previously conveyed to purchasers.

15.03 Curative Period.

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

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

SECTION SIXTEEN: MORTGAGING OF THE PROJECT

16.01 Mortgaging of the Project. All mortgages or deeds of trust in place as of the date hereof with respect to the Property or any portion thereof are listed on Exhibit G (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 record or permit to be recorded against the Property or any portion thereof without obtaining the prior written consent of the City is referred to herein as a "New Mortgage." Any mortgage or deed of trust that Developer may hereafter elect to record or permit to be recorded against the Property or any portion thereof with the prior written consent of the City is referred to herein as a "Permitted Mortgage." It is hereby acknowledged that nothing in this Section 16 shall apply to, or in any way prohibit or limit, the granting of mortgages in connection with the conversion of a portion of the Property to a condominium form of ownership, and the sale of the Rental Units to the Rental Owner, and in connection with the sale of For Sale Units to private purchasers. It is hereby agreed by and between the City and Developer as follows:

(a) If a mortgagee or any other party shall succeed to Developer's interest in the Property or any portion thereof by the exercise of remedies under a mortgage or deed of trust

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

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

(c) Prior to the issuance by the City to Developer of a Certificate under Section 7 hereof, no New Mortgage will be executed with respect to the Property or the Project or any portion thereof without the prior written consent of the Commissioner of DPD. A feature of such consent will be that any New Mortgage will subordinate its mortgage lien to the covenants in favor of the City that run with the land. After the issuance of a Certificate, consent of the Commissioner of DPD is not required for any such New Mortgage.

SECTION 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
312/744-2271 (Fax)

With Copies To: City of Chicago
Corporation Counsel
Attn: Finance and Economic Development Division
121 North LaSalle Street, Room 600
Chicago, IL 60602
312/744-8538 (Fax)

If to Developer: Park Boulevard LLC
445 West Erie Street, Suite 200
Chicago, Illinois 60610
Attn: James Miller
Fax: 312/654-9349

With Copies To: DLA Piper Rudnick Gray Cary LLP
203 N. LaSalle Street
Suite 1900
Chicago, Illinois 60601-1293
Attention: Richard F. Klawiter, Esq.
Fax: 312/630-7337

And With Copies To: Bank of America
231 South LaSalle Street
8th Floor
Chicago, Illinois 60604
Attention: _____
Fax: 312/974-9500

And With Copies To: Charity & Associates, P.C.
20 North Clark Street, Suite 700
Chicago, Illinois 60602
Attention: Elvin E. Charity, Esq.
Fax: 312/849-9001

If to Rental Owner: Park Boulevard 1B, L.P.
445 West Erie Street, Suite 200
Chicago, Illinois 60610
Attention: James Miller
Fax: 312/654-9349

With Copies To: NEF Assignment Corporation
120 S. Riverside Plaza, 15th Floor
Chicago, Illinois 60606
Attention: General Counsel
Fax: 312/441-0484

If to Sponsor: Stateway Community Partners, Inc.
445 West Erie Street, Suite 200
Chicago, Illinois 60610
Attention: James Miller
Fax: 312/654-9349

With Copies To:

DLA Piper Rudnick Gray Cary LLP
203 N. LaSalle Street
Suite 1900
Chicago, Illinois 60601-1293
Attention: Richard F. Klawiter, Esq.
Fax: 312/630-7337

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

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

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

SECTION EIGHTEEN: ADDITIONAL PROVISIONS

18.01 **Amendments.** Except as provided in this Section 18.01, and except for changes or amendments that are otherwise expressly identified as being in the discretion of the Commissioner, this Agreement and the Schedules and Exhibits attached hereto may not be modified or amended except by an agreement in writing signed by the parties. In addition to consents and discretion expressly identified herein, the Commissioner, in his sole discretion, may amend or otherwise revise: (a) any exhibits containing legal descriptions in order to correct a surveyor's, scrivener's or clerical error in such a legal description, provided that such correction does not have a material effect on any portion of the Project; and (b) Exhibit G to correct inadvertent omissions or permit other minor title encumbrances not in the nature of a lien. The City in its sole discretion, may amend, modify or supplement the Redevelopment Plan. For purposes of this Agreement, Developer is only obligated to comply with the Redevelopment Plan as in effect on the date of this Agreement.

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

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

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

18.07 **Parties in Interest/No Third Party Beneficiaries.** The terms and provisions of this Agreement are binding upon and inure to the benefit of, and are enforceable by, the respective successors and permitted assigns of the parties hereto. This Agreement will not run to the benefit of, or be enforceable by, any person or entity other than a party to this Agreement and

its successors and permitted assigns. This Agreement should not be deemed to confer upon third parties any remedy, claim, right of reimbursement or other right. Nothing contained in this Agreement, nor any act of the City or the Developer, will be deemed or construed by any of the parties hereto or by third persons, to create any relationship of third party beneficiary, principal, agent, limited or general partnership, joint venture, or any association or relationship involving the City or Developer.

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

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

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

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

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

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

18.14 **Assignment.** Prior to the issuance by the City to Developer of the 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 the Developer Parties may collaterally assign their respective interests in this Agreement to any of their collective or respective lenders identified to the City as of the Closing Date if any such lenders require such collateral assignment. Any successor in interest to Developer under this Agreement will certify in writing to the City its agreement to abide by all remaining executory terms of this Agreement, including but not limited to Section 8.24 (Survival of Covenants) hereof, for the Term of the Agreement. Developer hereby consents to the City's transfer, assignment or other disposal of this Agreement at any time in whole or in part.

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

assigns (as provided herein).

18.16 **Force Majeure.** Neither the City nor Developer nor any successor in interest to either of them will be considered in breach of or in default of its obligations under this Agreement in the event of any delay caused by damage or destruction by fire or other casualty, war, terrorism, strike, shortage of material, unusually adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or for an abnormal duration, tornadoes or cyclones, and other events or conditions beyond the reasonable control of the party affected which in fact interferes with the ability of such party to discharge its obligations hereunder. Such force majeure events shall also include the City's failure to complete the public improvements within the Property which, at the Closing Date, the City has agreed to undertake within a construction schedule mutually acceptable to the City, and the CHA's failure to complete any environmental remediation work that is the CHA's responsibility under applicable agreements between the CHA and the Developer, if applicable. The individual or entity relying on this section with respect to any such delay will, upon the occurrence of the event causing such delay, immediately give written notice to the other parties to this Agreement. The individual or entity relying on this section with respect to any such delay may rely on this section only to the extent of the actual number of days of delay effected by any such events described above.

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

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

18.19 **Approval.** Wherever this Agreement provides for the approval or consent of the City, DPD or the Commissioner, or any matter is to be to the City's, DPD's or the Commissioner's satisfaction, unless specifically stated to the contrary, such approval, consent or satisfaction shall be made, given or determined by the City, DPD or the Commissioner in writing and in the reasonable discretion thereof. The Commissioner or other person designated by the Mayor of the City shall act for the City or DPD in making all approvals, consents and determinations of satisfaction, granting the Certificate or otherwise administering this Agreement for the City.

18.20 **Construction of Words.** The use of the singular form of any word herein includes the plural, and vice versa. Masculine, feminine and neuter pronouns are fully interchangeable, where the context so requires. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section, Section or other subdivision. The term "include" (in all its forms) means "include, without limitation" unless the context clearly states otherwise. The word "shall" means "has a

duty to.”

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

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

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

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

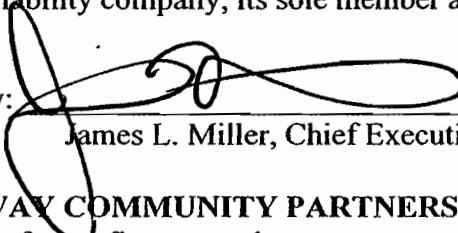
18.25 Costs and Expenses. In addition to and not in limitation of the other provisions of this Agreement, Developer agrees to pay upon demand the City’s out-of-pocket expenses, including attorneys’ fees, incurred in connection with the enforcement of the provisions of this Agreement but only if the City is determined to be the prevailing party in an action for 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]

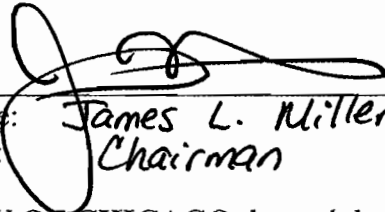
IN WITNESS WHEREOF, the parties hereto have caused this Park Boulevard Project Redevelopment Agreement to be signed on or as of the day and year first above written.

PARK BOULEVARD LLC, an Illinois limited liability company

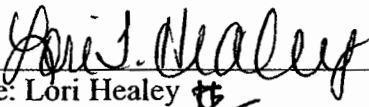
By: Stateway Associates, LLC, an Illinois limited liability company, its sole member and manager

By: 
James L. Miller, Chief Executive Officer

STATEWAY COMMUNITY PARTNERS, INC., an Illinois not for profit corporation

By: 
Name: James L. Miller
Title: Chairman

CITY OF CHICAGO, by and through its Department of Planning and Development

By: 
Name: Lori Healey
Title: Commissioner

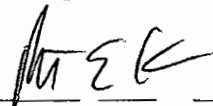
PARK BOULEVARD 1B, L.P.

By: Park Boulevard 1B, LLC, an Illinois limited liability company, its general partner

By: NRP Stateway, LLC, an Illinois limited liability company, its manager

By: Neighborhood Rejuvenation Partners, L.P., an Illinois limited partnership, its sole member

By: Davis Associates Managers, LLC, an Illinois limited liability company, its general partner

By: 
Robert Koerner, Executive Vice President

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, Margaret A. Grassano, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that James L. Miller, personally known to me to be the Chief Executive Officer of Stateway Associates, LLC, an Illinois limited liability company and sole member and manager of Park Boulevard LLC, an Illinois limited liability company (the "Developer"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that s/he signed, sealed, and delivered said instrument, pursuant to the authority given to her/him by Developer, as her/his free and voluntary act and as the free and voluntary act of Developer, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 3rd day of November, 2005.

Margaret A. Grassano
Notary Public



My Commission Expires 6-6-2006

(SEAL)

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, Margaret A. Grassano, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that James L. Miller, personally known to me to be the Chairman (title) of Stateway Community Partners, Inc., an Illinois not for profit corporation (the "Sponsor"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that s/he signed, sealed, and delivered said instrument, pursuant to the authority given to her/him by Sponsor, as her/his free and voluntary act and as the free and voluntary act of Sponsor, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 30th day of November, 2005.

Margaret A. Grassano
Notary Public



(SEAL)

My Commission Expires 6-6-2006

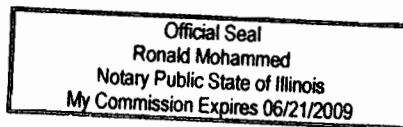
STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

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

GIVEN under my hand and official seal this 30th day of November, 2005.


Notary Public

My Commission Expires: 06/21/09



STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, Margaret A. Grassano, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Robert Koerner, personally known to me to be the Executive Vice President of Davis Associates Managers, LLC, ultimate general partner of Park Boulevard 1B, L.P. (the "Rental Owner"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that s/he signed, sealed, and delivered said instrument, pursuant to the authority given to her/him by Rental Owner, as her/his free and voluntary act and as the free and voluntary act of Rental Owner, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 30th day of November, 2005.



Margaret A. Grassano
Notary Public

My Commission Expires 6-6-2006

(SEAL)

**PARK BOULEVARD PROJECT
REDEVELOPMENT AGREEMENT**

LIST OF EXHIBITS

Exhibit A	Legal Description of the Redevelopment Area
Exhibit B-1	*Legal Description of the Property
Exhibit B-2	Site Plan for the Project
Exhibit C-1	*Project Budget
Exhibit C-2	*Construction (MBE/WBE) Budget
Exhibit D	*TIF-Funded Improvements
Exhibit E	Construction Contract
Exhibit F	Approved Prior Expenditures
Exhibit G	Permitted Liens
Exhibit H	Opinion of Counsel for Developer Parties
Exhibit I	Form of Payment and Performance Bond
Exhibit J-1A	Form of City Note A and related Certificate of Expenditure
Exhibit J-1B	Form of City Note 1 (as reissued)
Exhibit J-2	Form of City Note 2 and related Certificate of Expenditure
Exhibit K	Lender Financing
Exhibit L	Affordable For-Sale Unit Prices

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

**PARK BOULEVARD PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT A

REDEVELOPMENT AREA LEGAL DESCRIPTION

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

Exhibit A

*35th/State Redevelopment And Project
Area Legal Description.*

All that part of the east half of Section 33, Township 39 North, Range 14 East of the Third Principal Meridian, bounded and described as follows:

beginning at the point of intersection of the north line of West Pershing Road with the west line of South State Street; thence north along said west line of South State Street to the north line of heretofore vacated West 34th Street; thence west along said north line of heretofore vacated West 34th Street to the northerly extension of the east line of Lot 26 in Hanna Busby's Subdivision of part of the southwest quarter of Block 16 in the Canal Trustee's Subdivision of Section 33, Township 39 North, Range 14 East of the Third Principal Meridian, said northerly extension being also the east line of that part of heretofore vacated West 34th Street bearing Permanent Index Number 17-33-221-003; thence south along said east line of that part of heretofore vacated West 34th Street bearing Permanent Index Number 17-33-221-003 to the centerline of said vacated West 34th Street, said centerline of vacated West 34th Street being also the south line of the parcel of property bearing Permanent Index Number 17-33-221-003; thence west along said south line of the parcel of property bearing Permanent Index Number 17-33-221-003 to the west line of the east 22.50 feet of vacated South Federal Street (formerly South Butterfield Street), said west line of the east 22.50 feet of vacated South Federal Street (formerly South Butterfield Street) being also the west line of the parcel of property bearing Permanent Index Number 17-33-221-003; thence north along said west line of the parcel of property bearing Permanent Index Number 17-33-221-003 and along the northerly extension thereof to the north line of West 33rd Street; thence west along said north line of West 33rd Street to the west line of the vacated alley lying west of and adjoining Lot 182 in Boone, Jones and Kiefer's Subdivision of the north three-quarters of Block 1 and the east 75 feet of Block 2 and Lot 49 in Beecher's Subdivision of the south half of the south half of Block 1 of the Canal Trustee's Subdivision of Section 33, Township 39 North, Range 14 East of the Third Principal Meridian, said west line of the vacated alley being also the east line of the joint railroad right-of-way of the New York Central System and the Chicago, Rock Island and Pacific Railway; thence north along said east line of the joint railroad right-of-way to the north line of aforesaid Section 33, Township 39 North, Range 14 East of the Third Principal Meridian, said north line being also the centerline of West 31st Street; thence west along said centerline of West 31st Street to the west line of the aforesaid joint railroad right-of-way; thence south along said joint railroad right-of-way to the north line of West 33rd Street; thence

west along said north line of West 33rd Street and along the westerly extension thereof to the west line of the east half of the northeast quarter of aforesaid Section 33, Township 39 North, Range 14 East of the Third Principal Meridian, said west line being also the centerline of South Wentworth Avenue; thence south along said west line of the east half of the northeast quarter of Section 33 and along the west line of the east half of the southeast quarter of said Section 33 to the westerly extension of the north line of Lots 57 through 61, both inclusive, in Enos Ayres' Subdivision of Lot 2 in the subdivision of Lot 18 of the Canal Trustee's Subdivision of Section 33, Township 39 North, Range 14 East of the Third Principal Meridian, said north line of Lots 57 through 61, both inclusive, being also the south line of West 35th Street; thence east along said westerly extension and the south line of West 35th Street to the east line of the alley lying east of and adjoining Lot 1 in said Enos Ayres' Subdivision, said east line being also the west line of the joint railroad right-of-way of the New York Central System and the Chicago, Rock Island and Pacific Railway; thence south along said west line of the joint railroad right-of-way of the New York Central System and the Chicago, Rock Island and Pacific Railway to the north line of West 38th Street; thence west along said north line of West 38th Street and along the westerly extension thereof to the west line of the east half of the southeast quarter of Section 33, Township 39 North, Range 14 East of the Third Principal Meridian, said west line being also the centerline of South Wentworth Avenue; thence south along said west line of the east half of the southeast quarter of aforesaid Section 33 to the westerly extension of the south line of Lot 72 in Young and Rowley's Subdivision of the south half of Block 31 of the Canal Trustee's Subdivision of Section 33, Township 39 North, Range 14 East of the Third Principal Meridian, lying west of the Chicago, Rock Island and Pacific Railroad land, said south line of Lot 72 in Young and Rowley's Subdivision being also the north line of West Pershing Road; thence east along said north line of West Pershing Road to the point of beginning at the west line of South State Street, all in the City of Chicago, Cook County, Illinois.

**PARK BOULEVARD PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT B-1

LEGAL DESCRIPTION OF THE PROPERTY

A legal description of the Property is attached to this exhibit cover sheet.

EXHIBIT B-1

LEGAL DESCRIPTION

I. PARCEL ONE—LEASEHOLD ESTATE (BOULEVARD NORTH)

THE LEASEHOLD ESTATE CREATED BY THAT CERTAIN GROUND LEASE, DATED AS OF NOVEMBER 1, 2005, FROM THE CHICAGO HOUSING AUTHORITY, AN ILLINOIS MUNICIPAL CORPORATION, AS LESSOR, TO PARK BOULEVARD LLC, AN ILLINOIS LIMITED LIABILITY COMPANY, AS LESSEE, WHICH GROUND LEASE DEMISES THE LAND HEREINAFTER DESCRIBED, AND ALL BUILDINGS AND IMPROVEMENTS LOCATED THEREON AS OF THE DATE OF SAID GROUND LEASE:

LOT 3 IN BLOCK B IN STATEWAY GARDENS PHASE 1 BEING A SUBDIVISION OF PART OF VARIOUS LOTS AND BLOCKS AND VACATED STREETS AND VACATED ALLEYS IN VARIOUS SUBDIVISIONS IN THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 33, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, ACCORDING TO THE PLAT OF SUBDIVISION OF STATEWAY GARDENS PHASE 1 SUBDIVISION RECORDED AUGUST 19, 2005 AS DOCUMENT NUMBER 0523145025, IN COOK COUNTY, ILLINOIS.

PROPERTY ADDRESS/LOCATION:

3506 SOUTH STATE STREET, CHICAGO, ILLINOIS.

P.I.N. NUMBER: 17-33-406-050

II. PARCEL TWO—LEASEHOLD ESTATE (BOULEVARD SOUTH)

THE LEASEHOLD ESTATE CREATED BY THAT CERTAIN GROUND LEASE, DATED AS OF NOVEMBER 1, 2005, FROM THE CHICAGO HOUSING AUTHORITY, AN ILLINOIS MUNICIPAL CORPORATION, AS LESSOR, TO PARK BOULEVARD LLC, AN ILLINOIS LIMITED LIABILITY COMPANY, AS LESSEE, WHICH GROUND LEASE DEMISES THE LAND HEREINAFTER DESCRIBED, AND ALL BUILDINGS AND IMPROVEMENTS LOCATED THEREON AS OF THE DATE OF SAID GROUND LEASE:

LOT 4 IN BLOCK B IN STATEWAY GARDENS PHASE 1 BEING A SUBDIVISION OF PART OF VARIOUS LOTS AND BLOCKS AND VACATED STREETS AND VACATED ALLEYS IN VARIOUS SUBDIVISIONS IN THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 33, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, ACCORDING TO THE PLAT OF SUBDIVISION OF STATEWAY GARDENS PHASE 1

SUBDIVISION RECORDED AUGUST 19, 2005 AS DOCUMENT NUMBER
0523145025, IN COOK COUNTY, ILLINOIS.

PROPERTY ADDRESS / LOCATION:

3522 SOUTH STATE STREET, CHICAGO, ILLINOIS.

P.I.N. NUMBER: 17-33-406-050

III. PARCEL THREE – LEASEHOLD ESTATE (LANDMARK GARDENS)

THE LEASEHOLD ESTATE CREATED BY THAT CERTAIN GROUND LEASE, DATED AS OF NOVEMBER 1, 2005, FROM THE CHICAGO HOUSING AUTHORITY, AN ILLINOIS MUNICIPAL CORPORATION, AS LESSOR, TO PARK BOULEVARD LLC, AN ILLINOIS LIMITED LIABILITY COMPANY, AS LESSEE, WHICH GROUND LEASE DEMISES THE LAND HEREINAFTER DESCRIBED, AND ALL BUILDINGS AND IMPROVEMENTS LOCATED THEREON AS OF THE DATE OF SAID GROUND LEASE:

LOTS 1, 2, 3, 4 AND 11, INCLUSIVE, IN BLOCK D, ALL IN STATEWAY GARDENS PHASE 1 BEING A SUBDIVISION OF PART OF VARIOUS LOTS AND BLOCKS AND VACATED STREETS AND VACATED ALLEYS IN VARIOUS SUBDIVISIONS IN THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 33, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, ACCORDING TO THE PLAT OF SUBDIVISION OF STATEWAY GARDENS PHASE 1 SUBDIVISION RECORDED AUGUST 19, 2005 AS DOCUMENT NUMBER 0523145025, IN COOK COUNTY, ILLINOIS.

PROPERTY ADDRESS / LOCATION:

3540 SOUTH STATE STREET, 3546 SOUTH STATE STREET, 3548 SOUTH STATE STREET, 3550 SOUTH STATE STREET, 3556 SOUTH STATE STREET, 17 WEST 35TH PLACE, 3539 SOUTH DEARBORN STREET, 16 WEST 36TH STREET AND 3557 SOUTH DEARBORN STREET, ALL IN CHICAGO, ILLINOIS.

P.I.N. NUMBER: 17-33-406-050

IV. PARCEL FOUR—LEASEHOLD ESTATE (METRO TOWNHOMES)

THE LEASEHOLD ESTATE CREATED BY THAT CERTAIN GROUND LEASE, DATED AS OF NOVEMBER 1, 2005, FROM THE CHICAGO HOUSING AUTHORITY, AN ILLINOIS MUNICIPAL CORPORATION, AS LESSOR, TO PARK BOULEVARD LLC, AN ILLINOIS LIMITED LIABILITY COMPANY, AS LESSEE, WHICH GROUND LEASE DEMISES THE LAND HEREINAFTER DESCRIBED, AND ALL BUILDINGS AND IMPROVEMENTS LOCATED THEREON AS OF THE DATE OF SAID GROUND LEASE:

LOTS 5, 6, 7, 8 AND 18, INCLUSIVE, IN BLOCK B, ALL IN STATEWAY GARDENS PHASE 1 BEING A SUBDIVISION OF PART OF VARIOUS LOTS AND BLOCKS AND VACATED STREETS AND VACATED ALLEYS IN VARIOUS SUBDIVISIONS IN THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 33, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, ACCORDING TO THE PLAT OF SUBDIVISION OF STATEWAY GARDENS PHASE 1 SUBDIVISION RECORDED AUGUST 19, 2005 AS DOCUMENT NUMBER 0523145025, IN COOK COUNTY, ILLINOIS.

PROPERTY ADDRESS / LOCATION:

10 WEST 35TH PLACE, 12 WEST 35TH PLACE, 16 WEST 35TH PLACE AND 18 WEST 35TH PLACE, ALL IN CHICAGO, ILLINOIS.

P.I.N. NUMBER: 17-33-406-050

V. PARCEL FIVE--LEASEHOLD ESTATE (PARKING)

THE LEASEHOLD ESTATE CREATED BY THAT CERTAIN GROUND LEASE, DATED AS OF NOVEMBER 1, 2005, FROM THE CHICAGO HOUSING AUTHORITY, AN ILLINOIS MUNICIPAL CORPORATION, AS LESSOR, TO PARK BOULEVARD LLC, AN ILLINOIS LIMITED LIABILITY COMPANY, AS LESSEE, WHICH GROUND LEASE DEMISES THE LAND HEREINAFTER DESCRIBED, AND ALL BUILDINGS AND IMPROVEMENTS LOCATED THEREON AS OF THE DATE OF SAID GROUND LEASE:

LOT 1 IN BLOCK B IN STATEWAY GARDENS PHASE 1 BEING A SUBDIVISION OF PART OF VARIOUS LOTS AND BLOCKS AND VACATED STREETS AND VACATED ALLEYS IN VARIOUS SUBDIVISIONS IN THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 33, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, ACCORDING TO THE PLAT OF SUBDIVISION OF STATEWAY GARDENS PHASE 1 SUBDIVISION RECORDED AUGUST 19, 2005 AS DOCUMENT NUMBER 0523145025, IN COOK COUNTY, ILLINOIS.

PROPERTY ADDRESS / LOCATION:

THE CENTRAL PART, BEING APPROXIMATELY 175 FEET NORTH-SOUTH AND 105 FEET EAST-WEST, OF THE BLOCK LYING BETWEEN WEST 35TH STREET (NORTH) AND RECENTLY DEDICATED WEST 35TH PLACE (SOUTH), AND BETWEEN SOUTH STATE STREET (EAST) AND RE-DEDICATED SOUTH DEARBORN STREET (WEST).

P.I.N. NUMBER: 17-33-406-050

VI. PARCEL SIX – MASTER GROUND LEASEHOLD ESTATE

THE LEASEHOLD ESTATE CREATED BY THAT CERTAIN MASTER GROUND LEASE, DATED AS OF NOVEMBER 1, 2005, FROM THE CHICAGO HOUSING AUTHORITY, AN ILLINOIS MUNICIPAL CORPORATION, AS LESSOR, TO PARK BOULEVARD LLC, AN ILLINOIS LIMITED LIABILITY COMPANY AS TO AN UNDIVIDED 66.6% INTEREST, AND STATEWAY COMMUNITY PARTNERS, INC., AN ILLINOIS NOT FOR PROFIT CORPORATION AS TO AN UNDIVIDED 34.4% INTEREST, COLLECTIVELY, AS LESSEE, WHICH INTEREST THEREIN OF STATEWAY COMMUNITY PARTNERS, INC. WAS ASSIGNED BY STATEWAY COMMUNITY PARTNERS, INC. TO PARK BOULEVARD LLC, AN ILLINOIS LIMITED LIABILITY COMPANY, PURSUANT TO A CERTAIN PARK BOULEVARD PHASE 1B ASSIGNMENT AND ASSUMPTION OF MASTER GROUND LEASE DATED AS OF NOVEMBER 1, 2005 AND RECORDED ON NOVEMBER ____, 2005, WITH THE RECORDER OF DEEDS OF COOK COUNTY, ILLINOIS AS DOCUMENT NUMBER _____. SAID MASTER GROUND LEASE, AS SO ASSIGNED, WAS THEREAFTER AMENDED BY THAT CERTAIN PARTIAL TERMINATION OF MASTER GROUND LEASE, DATED AS OF NOVEMBER 1, 2005, BY AND BETWEEN THE CHICAGO HOUSING AUTHORITY AND PARK BOULEVARD LLC WHICH WAS RECORDED ON NOVEMBER ____, 2005 WITH THE RECORDER OF DEEDS OF COOK COUNTY, ILLINOIS AS DOCUMENT NUMBER _____. SAID MASTER GROUND LEASE, AS SO ASSIGNED AND AMENDED, DEMISES THE LAND HEREINAFTER DESCRIBED, AND ALL BUILDINGS AND IMPROVEMENTS LOCATED THEREON AS OF THE DATE THEREOF:

LOTS 1, 3 TO 12, INCLUSIVE, IN BLOCK A, ALSO LOT 2 AND LOTS 9 TO 17, INCLUSIVE, AND LOT 19 IN BLOCK B, ALSO LOTS 1, AND 8 TO 14,

INCLUSIVE, IN BLOCK C, ALSO LOTS 1 TO 8, 10 AND 11, INCLUSIVE, IN BLOCK E, ALSO LOTS 1 TO 3, INCLUSIVE, IN BLOCK F, ALSO LOTS 1 TO 3, INCLUSIVE IN BLOCK G, ALL IN STATEWAY GARDENS PHASE 1 BEING A SUBDIVISION OF PART OF VARIOUS LOTS AND BLOCKS AND VACATED STREETS AND VACATED ALLEYS IN VARIOUS SUBDIVISIONS IN THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 33, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, ACCORDING TO THE PLAT OF SUBDIVISION OF STATEWAY GARDENS PHASE 1 SUBDIVISION RECORDED AUGUST 19, 2005 AS DOCUMENT NUMBER 0523145025, IN COOK COUNTY, ILLINOIS.

PROPERTY ADDRESS/ LOCATION:

LYING BETWEEN WEST 35TH STREET (NORTH) AND THE RE-DEDICATED EAST-WEST ALLEY SOUTH OF WEST 36TH STREET EXTENDED EAST TO SOUTH STATE STREET (SOUTH), AND BETWEEN SOUTH STATE STREET (EAST) AND THE RIGHT-OF-WAY OF THE CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY (WEST).

P.I.N. NUMBERS: 17-33-405-050
 17-33-406-050
 17-33-404-101
 17-33-407-059
 17-33-408-048

VII. PARCEL SEVEN – BUILDINGS AND IMPROVEMENTS.

ALL BUILDINGS AND IMPROVEMENTS LOCATED ON THE LEASEHOLD ESTATES HEREINABOVE DESCRIBED AS PARCELS TWO THROUGH SEVEN, INCLUSIVE, AFTER THE DATE OF THE AFORESAID GROUND LEASES AND MASTER GROUND LEASE.

VIII. PARCEL EIGHT—APPURTENANT EASEMENT

EASEMENTS APPURTENANT TO AND FOR THE BENEFIT OF PARCELS ONE THROUGH SEVEN, INCLUSIVE, AS DESCRIBED IN THAT CERTAIN MASTER DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, EASEMENTS AND RIGHTS FOR PARK BOULEVARD MADE BY PARK BOULEVARD LLC, AN ILLINOIS LIMITED LIABILITY COMPANY, AND DATED AS OF NOVEMBER 1, 2005 AND RECORDED ON NOVEMBER ____, 2005 WITH THE RECORDER OF DEEDS OF COOK COUNTY, ILLINOIS AS DOCUMENT NUMBER _____, OVER AND ACROSS THE LAND AND FOR THE PURPOSES DESCRIBED THEREIN.

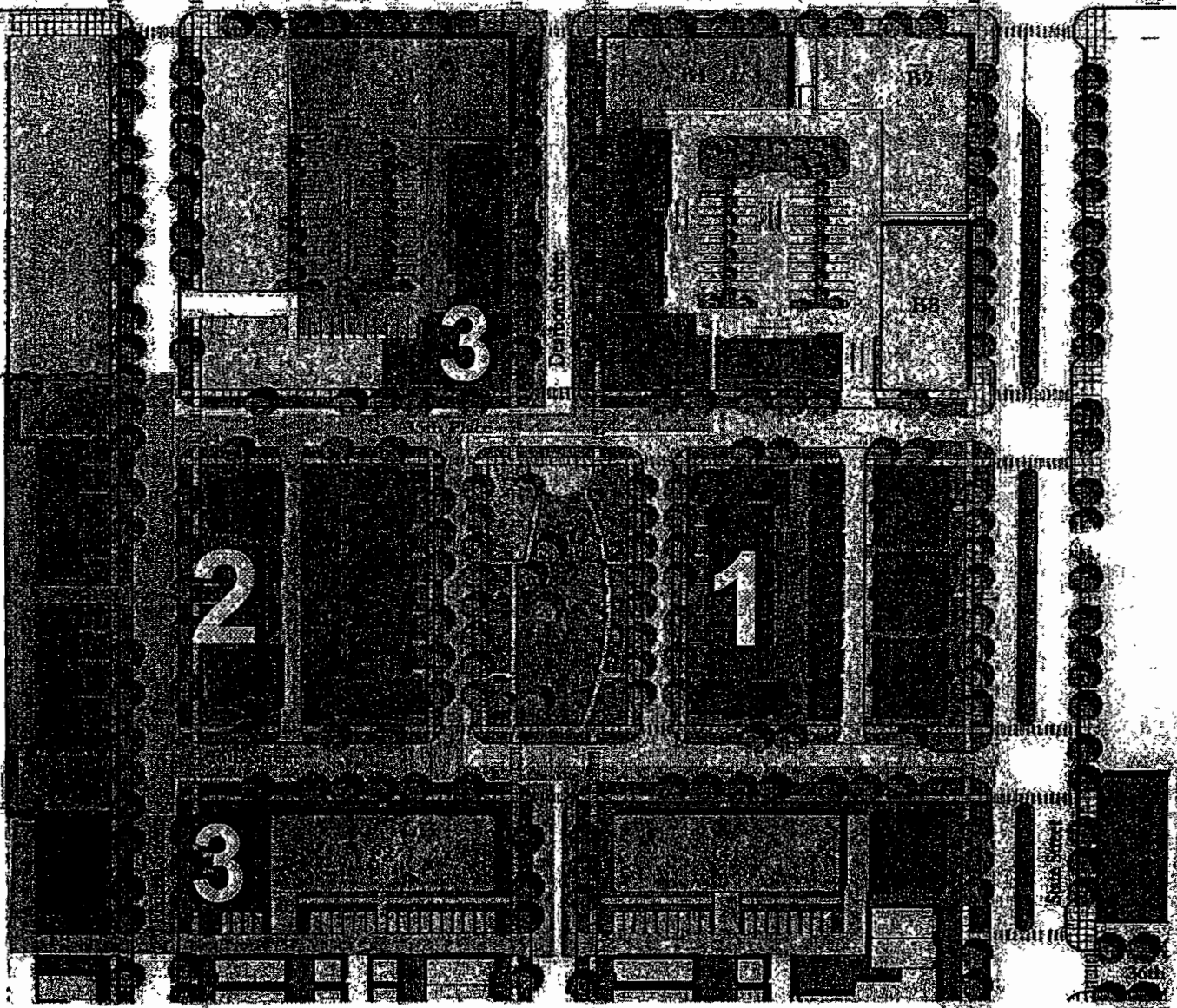
**PARK BOULEVARD PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT B-2

SITE PLAN FOR THE PROJECT

A site plan for the Project is attached to this exhibit cover sheet.

SUB-PHASE PLAN STATEWAY/ PARK BOULEVARD 1B



REVISED JUNE 2, 2005

**PARK BOULEVARD PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT C-1

PROJECT BUDGET

A project budget is attached to this exhibit cover sheet.

**EXHIBIT –
TIF PROJECT BUDGET**

Project Budget
Stateway Gardens

Project Costs	Total Cost	% TIF Eligible	\$ TIF Eligible	Comments
Hard Costs				
General Construction				
For-Sale Units	\$ 40,036,895	2%	\$ 686,047	Building Foundations (engineered barriers)
CHA Units	18,867,037	50%	9,433,518	50% of the Rental Unit Hard Costs
Retail	2,497,330	0%	-	
Upgrade Hard Costs	2,272,500	0%	-	
Parking	3,057,437	16%	479,278	50% of the Rental Parking Costs
Hard Cost Contingency	3,222,935	0%	-	
Total Construction Costs	\$ 69,954,133	15%	\$ 10,598,844	
Site and Infrastructure Expenses	\$ 6,647,872	35%	\$2,350,976	See exhibit
Soft Costs				
CHA Payment	\$ 2,147,626	0%	-	
Pre-Development costs	310,883	0%	-	
Architects/Engineering Fees	2,944,505	0%	-	
Legal and Accounting	1,405,685	0%	-	
Insurance	601,775	0%	-	
Property taxes	250,000	0%	-	
Condo Association Fees	189,900	0%	-	
Permits and City Fees	593,225	0%	-	
One Economy	160,000	0%	-	
SCP Master leasehold Interest acquisition	25,000	0%	-	
Tax Credit Fee	1,660,358	0%	-	
Project Overhead	1,689,896	0%	-	
Marketing	2,922,678	0%	-	
Sales and Closing Costs	2,116,220	0%	-	
Retail Leasing	282,423	0%	-	
CHA Soft Costs	805,000	0%	-	
Soft Cost Contingency	184,566	0%	-	
Total Soft Costs	\$ 18,289,741	0%	\$ -	
Finance Costs				
Construction Loan Fee	\$ 450,000	0%	-	
Construction Loan Interest	1,035,512	0%	-	
TIF Capitalized Interest	2,352,128	0%	-	
Origination Fee (CHA)	125,000	0%	-	
Tax Exempt A (CHA cash collateral)	152,906	0%	-	
Tax Exempt B (LIHTC equity repayment)	131,078	0%	-	
Total Finance Costs	\$ 4,246,624	0%	\$ -	
Total Development Costs	\$ 99,138,370	13%	\$ 12,949,820	



Stateway Associates I.L.C.
Park Boulevard Site Budget

The attached Site Work Budget is based on the drawings prepared by Terra Engineering

Cost Category	PB Budget Total Cost	TIF Eligible Expenses
I. HARD COSTS:		
A Site Prep		
Site Grading (as clean, structurally suitable material)	\$414,690	
Asphalt Parking Lots (Engineered barrier)	\$139,233	\$139,233
Curb & Gutter	\$63,684	\$63,684
Sidewalk w/i Property Line	\$103,328	
Fencing	\$72,839	
Park Lights (C, D & E Block)	\$81,450	
Parking Lot Lights	\$65,000	
Underground Trench System	\$335,000	
Secondary Utility Connections	\$396,043	
Special Soils Work	\$52,000	
Storm Retention (public service improvement)/Site Utilities	\$1,000,000	\$1,000,000
<i>Subtotal Site Prep (other)</i>	\$2,723,267	\$1,202,917
B ROW Improvements:		
Street Lights (above city standard)	\$0	
Green space @ R.O.W./ Top Soil Only	\$29,511	\$29,511
Planters	\$101,004	\$101,004
Sidewalks @ R.O.W.	\$190,566	\$190,566
<i>Subtotal ROW Improvements Total</i>	\$321,081	\$321,081
D Landscape (Private)		
Green Space/ Top Soil Only	\$44,784	
Private Areas	\$50,000	
Green space @ Medians (Parking lots)	\$50,738	
<i>Subtotal Landscape Total</i>	\$145,522	\$0
Site Prep/Row improvements/Alley Upgrades/Landscape Total	\$3,189,870	\$1,523,998
II Park		
Shade Trees (park)	\$75,903	
Play set	\$43,375	
Green space @ Parks	\$16,670	
Park Lights (above city standard)	\$0	
Fencing	\$31,725	
Park Benches	\$27,161	
Circular Park Benches	\$7,440	
<i>Subtotal Park Design</i>	\$202,274	\$0
III. Indirect Cost		
Contractor General Conditions	\$81,989	
Preconstruction Expenses	\$150,000	
Contractor's Bond	\$45,426	
Contractor's Insurance	\$57,351	
Contractor's Fee	\$234,593	
On-Site Property Acquisition	\$0	
Site Overhead	\$500,000	
MCI Relocation (1)	\$108,165	\$108,165
Site Fencing (CHA)	\$22,101	
Site Construction Management	\$300,000	
Contingency (Remediation after CHA) (Underground obstructions)	\$367,570	\$367,570
<i>Subtotal Indirect Costs</i>	\$1,867,195	\$475,735
Total Site Work Budget	\$5,259,339	\$1,999,733
TIF Soft Costs (Design, Consultant, Legal and Engineering)	\$702,486	\$351,243
Total Site Work Budget (w/soft costs)	\$5,961,825	\$2,350,976
	Hard Cost (Including Parking)	50% of Hard Cost
Low Income Housing Eligible Cost (50% of CHA Hard Costs) Phase 1B.1	\$5,667,405	\$2,833,703
Low Income Housing Eligible Cost (50% of CHA Hard Costs) Phase 1B.2	\$7,051,197	\$3,525,599
Low Income Housing Eligible Cost (50% of CHA Hard Costs) Phase 1B.3	\$7,106,991	\$3,553,495
Total CHA Hard Cost	\$19,825,593	\$9,912,797
Total TIF Eligible Expenses		\$12,949,820



Stateway Associates LLC
Park Boulevard Site Budget

The attached Site Work Budget is based on the drawings prepared by Terra Engineering.

Cost Category	PB Budget Total Cost	TIF Eligible Expenses
I. HARD COSTS:		
A Site Prep		
Site Grading (as clean, structurally suitable material)	\$414,690	
Asphalt Parking Lots (Engineered barrier)	\$139,233	\$139,233
Curb & Gutter	\$63,684	\$63,684
Sidewalk w/i Property Line	\$103,328	
Fencing	\$72,839	
Park Lights (C, D & E Block)	\$81,450	
Parking Lot Lights	\$65,000	
Underground Trench System	\$335,000	
Secondary Utility Connections	\$396,043	
Special Soils Work	\$52,000	
Storm Retention (public service improvement)/Site Utilities	\$1,000,000	\$1,000,000
<i>Subtotal Site Prep (other)</i>	\$2,723,267	\$1,202,917
B ROW Improvements:		
Street Lights (above city standard)	\$0	
Green space @ R.O.W./ Top Soil Only	\$29,511	\$29,511
Planters	\$101,004	\$101,004
Sidewalks @ R.O.W.	\$190,566	\$190,566
<i>Subtotal ROW Improvements Total</i>	\$321,081	\$321,081
D Landscape (Private)		
Green Space/ Top Soil Only	\$44,784	
Private Areas	\$50,000	
Green space @ Medians (Parking lots)	\$50,738	
<i>Subtotal Landscape Total</i>	\$145,522	\$0
Site Prep/Row improvements/Alley Upgrades/Landscape Total	\$3,189,870	\$1,523,998
II Park		
Shade Trees (park)	\$75,903	
Play set	\$43,375	
Green space @ Parks	\$16,670	
Park Lights (above city standard)	\$0	
Fencing	\$31,725	
Park Benches	\$27,161	
Circular Park Benches	\$7,440	
<i>Subtotal Park Design</i>	\$202,274	\$0
III. Indirect Cost		
Contractor General Conditions	\$81,989	
Preconstruction Expenses	\$150,000	
Contractor's Bond	\$45,426	
Contractor's Insurance	\$57,351	
Contractor's Fee	\$234,593	
On-Site Property Acquisition	\$0	
Site Overhead	\$500,000	
MCI Relocation (I)	\$108,165	\$108,165
Site Fencing (CHA)	\$22,101	
Site Construction Management	\$300,000	
Contingency (Remediation after CHA) (Underground obstructions)	\$367,570	\$367,570
<i>Subtotal Indirect Costs</i>	\$1,867,195	\$475,735
Total Site Work Budget	\$5,259,339	\$1,999,733
TIF Soft Costs (Design, Consultant, Legal and Engineering)	\$702,486	\$351,243
Total Site Work Budget (w/soft costs)	\$5,961,825	\$2,350,976
	Hard Cost (Including Parking)	50% of Hard Cost
Low Income Housing Eligible Cost (50% of CHA Hard Costs) Phase 1B.1	\$5,667,405	\$2,833,703
Low Income Housing Eligible Cost (50% of CHA Hard Costs) Phase 1B.2	\$7,051,197	\$3,525,599
Low Income Housing Eligible Cost (50% of CHA Hard Costs) Phase 1B.3	\$7,106,991	\$3,553,495
Total CHA Hard Cost	\$19,825,593	\$9,912,797
Total TIF Eligible Expenses		\$12,949,820

**PARK BOULEVARD PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT C-2

CONSTRUCTION (MBE/WBE) BUDGET

A construction (MBE/WBE) budget is attached to this exhibit cover sheet.

**EXHIBIT --
PROJECT BUDGET - MBE/WBE ELIGIBLE COSTS**

MBE/WBE BUDGET

Stateway Gardens

		<u>MBE</u>	<u>WBE</u>	<u>Total</u>
Hard Costs		24%	4%	
General Construction				
For-Sale Units	\$ 40,036,895			
CHA Units	18,867,037			
Retail	2,497,330			
Upgrade Hard Costs	2,272,500			
Parking	3,057,437			
Hard Cost Contingency	<u>3,222,935</u>			
Total Construction Costs	\$ 69,954,133			
Soft Costs				
Architects/Engineering Fees	<u>2,944,505</u>			
Total Soft Costs	\$ 2,944,505			
Total Development Costs	\$ 72,898,638	\$ 17,495,673	\$ 2,915,946	\$ 20,411,619

**PARK BOULEVARD PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT D

TIF-FUNDED IMPROVEMENTS

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

**PARK BOULEVARD PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT E

CONSTRUCTION CONTRACT

A true and correct copy of the Construction Contract by and between Developer and its General Contractor, together with all amendments, supplements and exhibits all as of the Closing Date is to be attached at closing.

**PARK BOULEVARD PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT F

APPROVED PRIOR EXPENDITURES

LINE ITEM	NAME OF FIRM	CONTRACT PRICE	PREVIOUSLY PAID	AMOUNT OF THIS PAYMENT	BALANCE OF CONTRACT
TIF Consultant	Ernest R. Sawyer Enterprises Inc.	\$195,000*	\$0	\$114,961.90	\$80,038.10
		Estimate Hourly Consulting*			
Total:		\$195,000	\$	\$114,961.90	\$80,038.10

**PARK BOULEVARD PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT G

PERMITTED LIENS

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

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

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

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

**PARK BOULEVARD PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT H

**OPINION OF COUNSEL FOR
STATEWAY ASSOCIATES LLC**

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

_____, 200__

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 Stateway Associates LLC, an Illinois limited liability company (the "Developer"), in connection with the construction of certain improvements on _____ located in the 35th/State 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) Park Boulevard Project 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) Certificate of Formation, as amended to date, (ii) Amended and Restated Agreement of Limited Liability Company, (iii) qualifications to do business and certificates of good standing in all states in which Developer is qualified to do business, and (iv) records of all corporate 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 Certificate of Formation or Amended and Restated Agreement of Limited Liability Company 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 and managers of Developer and the percentage interest 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 equity of Developer. Each outstanding interest 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, or in 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.

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: _____

**PARK BOULEVARD PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT I

FORM OF PAYMENT AND PERFORMANCE BOND

A form of payment and performance bond is attached to this exhibit cover sheet.

**PARK BOULEVARD PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT J-1A

FORM OF CITY NOTE A

Form of City Note A for up to a maximum amount of \$7,500,000, and related Certificate of Expenditure are attached to this exhibit cover sheet.

CERTIFICATE OF EXPENDITURE

_____, 200__

To: Registered Owner

Re: City of Chicago, Cook County, Illinois (the "City")
\$7,500,000 Tax Increment Allocation Revenue Note
(Park Boulevard Project Redevelopment Project), Taxable Series A (the "City Note A")

This Certificate is submitted to you, as Registered Owner of City Note A, pursuant to the Ordinance of the City authorizing the execution of City Note A adopted by the City Council of the City on _____, 200__ (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 City Note A 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 City Note A is \$_____, including the amount of this Certificate and less payments made on City Note A.

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-1A

MAXIMUM AMOUNT
NOT TO EXCEED
\$7,500,000

**UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF COOK
CITY OF CHICAGO
TAX INCREMENT ALLOCATION REVENUE NOTE
(PARK BOULEVARD PROJECT REDEVELOPMENT PROJECT)
TAXABLE SERIES A**

Registered Owner: Park Boulevard, LLC, an Illinois limited liability company

Interest Rate: ____% per annum (but not more than 9.0%)

Maturity Date: _____, 2025 [Twenty years]

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 \$7,500,000 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. Interest on accrued but unpaid interest on this Note shall accrue at the Interest Rate per year specified above. Principal of and interest on this Note are payable on February 1st of each year following issuance of the Certificate (as defined in the Redevelopment Agreement) from a percentage 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 issued by the City in fully registered form in the aggregate principal amount of advances made from time to time by Park Boulevard, LLC, an Illinois 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 property in the 35th/State 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 January 14, 2005 (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 Note. 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 Note and

the terms and conditions under which the Note is issued and secured. **THIS NOTE IS NOT A GENERAL OR MORAL OBLIGATION OF THE CITY BUT 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 or a 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 _____, 2005 (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 \$7,500,000 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 \$7,500,000. The principal amount of this Note may be reduced as provided in the Redevelopment Agreement.

Pursuant to Sections 4.03 and 15.02 of the Redevelopment Agreement, the City has reserved the right to terminate and suspend payments 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 \$7,500,000 Tax Increment Allocation Revenue Note (Park Boulevard Project Redevelopment Project), Taxable Series A, of the City of Chicago, Cook County, Illinois.

Comptroller

Date: _____

\$7,500,000
City Note A
Debt Service Schedule

(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

**PARK BOULEVARD PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT J-1B

FORM OF CITY NOTE 1

Form of City Note 1 for up to a maximum amount of \$7,500,000, and related Certificate of Expenditure are attached to this exhibit cover sheet.

CERTIFICATE OF EXPENDITURE

_____, 200__

To: Registered Owner

Re: City of Chicago, Cook County, Illinois (the "City")
\$7,500,000 Tax Increment Allocation Revenue Note
(Park Boulevard Project Redevelopment Project), Series A (the "City Note 1")

This Certificate is submitted to you, as Registered Owner of City Note 1, pursuant to the Ordinance of the City authorizing the execution of City Note 1 adopted by the City Council of the City on _____, 200__ (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 City 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 City Note 1 is \$_____, including the amount of this Certificate and less payments made on City 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
NOT TO EXCEED
\$7,500,000

**UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF COOK
CITY OF CHICAGO
TAX INCREMENT ALLOCATION REVENUE NOTE
(PARK BOULEVARD PROJECT REDEVELOPMENT PROJECT)
TAX EXEMPT SERIES A**

Registered Owner: Park Boulevard, LLC, an Illinois limited liability company

Interest Rate: ___% per annum (but not more than 9%)

Maturity Date: _____, 20___ [earlier of 20 years and December 31, 2028]

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 \$7,500,000 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. Interest on accrued but unpaid interest on this Note shall accrue at the Interest Rate per year specified above. Principal of and interest on this Note are payable annually on February 1st of each year from a percentage 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 issued by the City in fully registered form in the aggregate principal amount of advances made from time to time by Park Boulevard, LLC, an Illinois 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 property in the 35th/State 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 January 14, 2004 (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 Note. 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 Note and the terms and conditions under which the Note is issued and secured. **THIS NOTE IS NOT A**

GENERAL OR MORAL OBLIGATION OF THE CITY BUT 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 (except during any City Note 1 Lock-Out Period, as defined in the Redevelopment Agreement).

This Note is transferable 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 the Redevelopment Agreement, 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 _____, 2005 (the "Redevelopment Agreement") between the City and Devel

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 \$7,500,000 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 \$7,500,000.

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 \$7,500,000 Tax Increment Allocation Revenue Note (Park Boulevard Project Redevelopment Project), Series A, of the City of Chicago, Cook County, Illinois.

Comptroller

Date: _____

\$7,500,000
City Note 1
Debt Service Schedule

(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

**PARK BOULEVARD PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT J-2

FORM OF CITY NOTE 2

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

CERTIFICATE OF EXPENDITURE

_____, 200__

To: Registered Owner

Re: City of Chicago, Cook County, Illinois (the "City")
\$2,000,000 Tax Increment Allocation Revenue Note
(Park Boulevard Project Redevelopment Project), Taxable Series B (the "City Note 2")

This Certificate is submitted to you, as Registered Owner of City Note 2, pursuant to the Ordinance of the City authorizing the execution of City Note 2 adopted by the City Council of the City on _____, 200__ (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 City 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 City Note 2 is \$ _____, including the amount of this Certificate and less payments made on City 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-1

MAXIMUM AMOUNT
NOT TO EXCEED
\$2,000,000

**UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF COOK
CITY OF CHICAGO
TAX INCREMENT ALLOCATION REVENUE NOTE
(PARK BOULEVARD PROJECT REDEVELOPMENT PROJECT)
TAXABLE SERIES B**

Registered Owner: Park Boulevard, LLC, an Illinois limited liability company

Interest Rate: ____% per annum (but not more than 9.5%)

Maturity Date: _____, 20__ [earlier of twenty years and December 31, 2028]

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 \$2,000,000 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. Interest on accrued but unpaid interest on this Note shall accrue at the Interest Rate per year specified above. Principal of and interest on this Note are payable on February 1st of each year from a percentage 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 issued by the City in fully registered form in the aggregate principal amount of advances made from time to time by Park Boulevard, LLC, an Illinois limited liability company (the "Developer"), of up to \$2,000,000 for the purpose of paying the costs of certain eligible redevelopment project costs incurred by Developer in connection with the redevelopment of property in the 35th/State 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 January 14, 2004 (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 Note. 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 Note and the terms and conditions under which the Note is issued and secured. **THIS NOTE IS NOT A**

GENERAL OR MORAL OBLIGATION OF THE CITY BUT 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 OR OR INTEREST ON THIS NOTE.

The principal of this Note is subject to prepayment and redemption at any time without premium or penalty (except during any City Note 2 Lock-Out Period, as defined in the Redevelopment Agreement).

This Note is transferable with the consent of the City by the Registered Owner hereof to 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 _____, 2005 (the "Redevelopment Agreement") between the City and Developa

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 \$2,000,000 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 \$2,000,000. The principal amount of this Note may be reduced as provided in the Redevelopment Agreement.

Pursuant to Sections 4.03, 4.05 and 15.02 of the Redevelopment Agreement, the City has reserved the right to terminate and suspend payments of principal of and interest on the 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 \$2,000,000 Tax Increment Allocation Revenue Note (Park Boulevard Project Redevelopment Project), Taxable Series B, of the City of Chicago, Cook County, Illinois.

Comptroller

Date: _____

\$2,000,000
City Note 2
Debt Service Schedule

(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

**PARK BOULEVARD PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT K

DESCRIPTION OF PROJECT FINANCING

DESCRIPTION OF LENDER FINANCING SOURCES

A. CHICAGO HOUSING AUTHORITY FINANCING

1. Tax-Exempt Financing: The City of Chicago shall cede a portion of its 2005 volume cap to the Chicago Housing Authority (the "Authority"). The Authority shall then issue multi-family revenue notes in the aggregate amount of \$12,500,000 to finance the Project. The notes will be privately placed with the Bank of America (the "Bank"). The Authority will then lend the proceeds of the notes to the Rental Owner. The Loan Agreement between the Authority and the Rental Owner shall then be assigned to the Bank, along with the notes described below, as security for the Bank. The notes shall be issued for each sub-phase as follows:

a) Phase 1B.1

- Series 2005 A1: \$1,717,776; secured by Authority cash collateral
 - Interest Rate 63.25% of LI BOR plus 1.1%
 - Term 3 years
- Series 2005 A2: \$1,860,924; secured by investor equity and a sub-phase 1B.1 leasehold mortgage
 - Interest Rate 63.25% of LIBOR plus 1.1%
 - Term 3 years

b) Phase 1B.2

- Series 2005 B1: \$2,131,745; secured by Authority cash collateral
 - Interest Rate 63.25% of LIBOR plus 1.1%
 - Term 3 years
- Series 2005 B2: \$2,309,391; secured by investor equity and a sub-phase 1B.2 leasehold mortgage
 - Interest Rate 63.25% of LI BOR plus 1.1%
 - Term 3 years

c) Phase 1B.3

- Series 2005 C1: \$2,150,479; secured by Authority cash collateral

Interest Rate 63.25% of LI BOR plus 1.1%

Term 3 years

- Series 2005 C2: \$2,329,685; secured by investor equity and a sub-phase 1B.3 leasehold mortgage

Interest Rate 63.25% of LIBOR plus 1.1%

Term 3 years

2. Authority Construction/Permanent Loan: The Authority will also make a \$13,100,000 loan to the Rental Owner, from Capital Funds, to finance the development of the Project. A total of \$3,750,477 will be loaned by the Authority in sub-phase 1B.1; \$4,654,311 will be loaned in sub-phase 1B.2; and \$4,685,212 will be loaned in sub-phase 1B.3. Approximately \$6,000,000 of this loan shall serve as cash collateral for the Series A1, B1 and C1 notes described above. The \$6,000,000 will be used to repay the A1, B1, and C1 notes. The balance of the Authority Construction/Permanent Loan shall be used to pay for construction costs associated with the public housing units. The interest rate shall be 0% and repayment will be deferred until the maturity date (approximately 42 years). The loan will be secured by a leasehold mortgage from both the Developer (as owner of the leasehold interest) and the Rental Owner (as the beneficial owner of the Rental Units during the construction period).

3. Authority Donation Tax Credit Loan: The City shall issue \$1.5 million State of Illinois donation tax credits to the Authority generated by the Authority's donation of the master leasehold estate to the Sponsor. The Authority shall sell these donation tax credits to an affiliate of JP Morgan Chase & Co., and then lend these proceeds (\$1,280,000) to the Rental Owner at financial closing of sub-phase 1.B.1. The interest rate shall be 0% and repayment will be deferred until the maturity date (approximately 42 years). The loan will be secured by a leasehold mortgage from both Developer (as owner of the leasehold interest) and the Rental Owner (as the beneficial owner of the Rental Units during the construction period).

B. BANK OF AMERICA FINANCING

1. **Tax Exempt Financing.** As described in Section A.1 above, the Bank will purchase tax-exempt notes issued by the Authority in the total amount of \$12.5 million for the three sub-phases (\$6 million of which will be collateralized by Authority Capital Funds, as discussed above, and the remaining portion will be collateralized with tax credit equity);
2. **TIF Loan.** The Bank will make a \$9 million TIF loan (a portion of which will fund infrastructure for both the public housing replacement units and the for-sale units and the remaining portion will finance the for-sale units) to the Developer. Interest on the any outstanding advances of the TIF Loan shall be calculated as to each advance, at the Developer's election, on a daily basis, either (a) at the rate of interest then most recently established by the Bank, or reported in The Wall Street Journal, or the equivalent, as the "Prime Rate" or (b) the then applicable LIBOR Rate. The loan shall mature on November 1, 2008 and shall be secured by a leasehold mortgage on the master leasehold estate to be created pursuant to the Master Lease.
3. **Construction Revolver Loan.** The Bank will make a construction revolver loan to the Developer an amount not to exceed \$40,000,000 (which will fund the construction costs of the for-sale units, but which will encumber all of the for sale ground leases, the fee simple units and the open space until the for-sale units are sold to ultimate purchasers). The unpaid principal balance of the loan shall bear interest at a fluctuating rate of interest per annum equal to the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by Lender from time to time). The loan shall mature on November 1, 2008 and shall be secured by a fee and leasehold mortgage on the Phase 1.B.1 fee and leasehold estate.

C. CITY FINANCING

1. **City Note A.** At closing, the City will issue a note ("City Note A") to the Developer in an amount up to \$7,500,000. The Developer will assign this note to the Bank as further security for the repayment of the TIF Loan. Prior to issuance of the Project Certificate of Completion City Note A shall be deemed taxable. When issued, the interest rate on City Note A will be set as follows: on the date of issuance, the interest rate will be equal to the 20 year Treasury rate as published in the daily Federal Reserve Statistical Release ("index") plus a margin

of 250 bps, but in no event will such interest rate be greater than 9.0%. City Note A shall have a term of 20 years.

2. City Note 1. After the issuance of the Project Certificate of Completion, the City shall cancel City Note A and issue to the Developer a new note (as so reissued, "City Note 1") on a tax exempt basis in an amount up to \$7,500,000 plus any then accrued and unpaid interest on City Note A. The interest rate on City Note 1 will be set as follows: On the date of issuance, the interest rate on City Note 1 will be equal to the AAA 20 year G. O. Bond rate as published by Bloomberg in effect on the date of issuance plus a margin of 250 basis points, but in no event will such interest rate be greater than 9.0%. The term of City Note 1 shall be the earlier of 20 years or December 31, 2028.
3. City Note 2. At the time of issuance of the City Certificate of Completion, the City shall issue to the Developer a note ("City Note 2") in an amount to \$2,000,000, which amount may be increased, based upon (a) updated projections made by consultants chosen by the City showing an expected increase in the amount of Incremental Taxes, (b) the principal of City Note 1 and the then applicable City Note 1 Interest Rate; and (c) the then applicable City Note 2 Interest Rate. When issued, the interest rate for City Note 2 will be set as follows: on the date of issuance, the interest rate will be equal to the 20 year Treasury rate as published in the daily Federal Reserve Statistical Release, plus a margin of 250 basis points, but in no event will such interest rate be greater than 9.5%.

D. EQUITY FINANCING

1. Developer.

Amount: Not less than \$5,900,000
Source: Developer, or such other source as the City may approve

2. Tax Credits.

Amount: Approximately \$10,897,818
Source: NEF Assignment Corporation, as nominee

3. Partner Contribution.

Amount: \$100
Source: General Partner of Rental Owner

**PARK BOULEVARD PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT L

AFFORDABLE FOR-SALE UNIT PRICES

Bldg. Type	Bldg. No.	Unit No.	Unit Type	Size (sq. ft.)	Maximum Price*	Unit Count
Mid - Rise over Retail	A-1	203	1 Bed / 1 Bath	829	\$ 199,000	1
	BC1	404	1 Bed / 1 Bath	761	\$ 199,000	2
		304	1 Bed / 1 Bath	761	\$ 199,000	3
		506	1 Bed / 1 Bath	740	\$ 199,000	4
		306	1 Bed / 1 Bath	740	\$ 199,000	5
		307	2 Bed / 1 Bath	998	\$ 232,000	6
		207	2 Bed / 1 Bath	998	\$ 232,000	7
		208	2 Bed / 1 Bath	1,020	\$ 232,000	8
		509	1 Bed / 1 Bath	778	\$ 199,000	9
		309	1 Bed / 1 Bath	778	\$ 199,000	10
		410	1 Bed / 1 Bath	884	\$ 199,000	11
		310	1 Bed / 1 Bath	884	\$ 199,000	12
		711	2 Bed / 1 Bath	924	\$ 232,000	13
		611	2 Bed / 1 Bath	924	\$ 232,000	14
		411	2 Bed / 1 Bath	924	\$ 232,000	15
		211	2 Bed / 1 Bath	924	\$ 232,000	16
Mid - Rise over Retail	B-1	405	2 Bed / 1 Bath	1,035	\$ 232,000	17
	BC2	305	2 Bed / 1 Bath	1,035	\$ 232,000	18
		406	1 Bed / 1 Bath	735	\$ 199,000	19
		206	1 Bed / 1 Bath	735	\$ 199,000	20
		407	1 Bed / 1 Bath	693	\$ 199,000	21
		307	1 Bed / 1 Bath	693	\$ 199,000	22
		Mid - Rise over Retail	B-2	302	1 Bed / 1 Bath	696
BC3	202		1 Bed / 1 Bath	696	\$ 199,000	24
	204		2 Bed / 2 Bath	942	\$ 232,000	25
	305		1 Bed / 1 Bath	676	\$ 199,000	26
	406		1 Bed / 1 Bath		\$ 199,000	27

				676		
		306	1 Bed / 1 Bath	676	\$	199,000
		407	1 Bed / 1 Bath	718	\$	199,000
		207	1 Bed / 1 Bath	718	\$	199,000
		308	2 Bed / 1 Bath	932	\$	232,000
		208	2 Bed / 1 Bath	932	\$	232,000
		409	2 Bed / 1 Bath	975	\$	232,000
		309	2 Bed / 1 Bath	975	\$	232,000
Mid - Rise over Parking	B-3	401	2 Bed / 1 Bath	1,115	\$	232,000
	BC4	301	2 Bed / 1 Bath	1,115	\$	232,000
		302	1 Bed / 1 Bath	725	\$	199,000
		202	1 Bed / 1 Bath	725	\$	199,000
		403	1 Bed / 1 Bath	725	\$	199,000
		303	1 Bed / 1 Bath	725	\$	199,000
Mid - Rise over Parking	F-2	301	2 Bed / 2 Bath	1,022	\$	232,000
	BC6	201	2 Bed / 2 Bath	1,022	\$	232,000
		204	2 Bed / 2 Bath	1,022	\$	232,000
		505	2 Bed / 2 Bath	927	\$	232,000
		305	2 Bed / 2 Bath	975	\$	232,000
		406	1 Bed / 1 Bath	648	\$	199,000
		206	1 Bed / 1 Bath	648	\$	199,000
		507	1 Bed / 1 Bath	697	\$	199,000
		307	1 Bed / 1 Bath	696	\$	199,000
		408	1 Bed / 1 Bath	665	\$	199,000
		208	1 Bed / 1 Bath	665	\$	199,000
		509	2 Bed / 2 Bath	927	\$	232,000
		309	2 Bed / 2 Bath	975	\$	232,000
Mid - Rise over Parking	G-1	201	2 Bed / 2 Bath	1,022	\$	232,000
	BC5	304	2 Bed / 2 Bath	1,022	\$	232,000
		204	2 Bed / 2 Bath		\$	232,000

				1,022		
		505	2 Bed / 2 Bath	927	\$	232,000 57
		305	2 Bed / 2 Bath	975	\$	232,000 58
		406	1 Bed / 1 Bath	648	\$	199,000 59
		206	1 Bed / 1 Bath	648	\$	199,000 60
		507	1 Bed / 1 Bath	697	\$	199,000 61
		307	1 Bed / 1 Bath	696	\$	199,000 62
		408	1 Bed / 1 Bath	665	\$	199,000 63
		208	1 Bed / 1 Bath	665	\$	199,000 64
		509	2 Bed / 2 Bath	927	\$	232,000 65
		309	2 Bed / 2 Bath	975	\$	232,000 66
Duplex	GR3	101	1 Bed / 1 Bath	752	\$	199,000 67
Six Flat	A-3 LR1	202	3 Bed / 2 Bath	1,456	\$	261,000 68
Six Flat	B-5 LR2	201	3 Bed / 2 Bath	1,456	\$	261,000 69
Six Flat	G-2	201	3 Bed / 2 Bath	1,310	\$	261,000 70
	LR10	101	1 Bed / 1 Bath	726	\$	199,000 71
		202	3 Bed / 2 Bath	1,310	\$	261,000 72

Maximum Prices are based on 120% of Area Median Income - (2005 used for calculation above)