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SO2012-640

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City Council Document Tracking Sheet

Meeting Date:	2/15/2012
Sponsor(s):	Emanuel, Rahm (Mayor)
Type:	Ordinance
Title:	Funding for various small business improvement funds and associated amendment to programs rules
Committee(s) Assignment:	Committee on Finance

SUBSTITUTE ORDINANCE

WHEREAS, the City of Chicago ("City"), a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois, is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended from time to time (the "Act"), to finance projects that eradicate blighted conditions and conservation area factors through the use of tax increment allocation financing for redevelopment projects; and

WHEREAS, by an ordinance adopted by the City Council of the City ("City Council") on July 21, 1999, and published in the Journal of Proceedings of the City Council ("Journal") for said date at pages 8307 to 8344, inclusive (the "Program Ordinance"), the City implemented a redevelopment program known as the Small Business Improvement Fund program (the "Program") to provide financing assistance pursuant to the Act for the improvement of commercial and industrial facilities of small businesses in certain redevelopment project areas of the City; and

WHEREAS, by ordinances adopted by the City Council, the first on November 8, 2000, and published in the Journal for said date at pages 43877 to 43930, inclusive (the "First Amending Ordinance") and the most recent adopted on November 2, 2011 and published in the Journal for said date at pages 9614 to 9626 (the "Thirty-Third Amending Ordinance," collectively with the Program Ordinance, the First Amending Ordinance and the other amending ordinances, the "SBIF Ordinance"), the City has restated and refined the Program and extended its reach to additional redevelopment project areas of the City; and

WHEREAS, the City Council now desires to extend the Program to three additional redevelopment project areas of the City ("New TIF/SBIF Areas"), which are identified on Exhibit A attached hereto and incorporated herein, and that are not already reached under the SBIF Ordinance; and

WHEREAS, the SBIF Ordinance authorized the Department of Housing and Economic Development ("HED") to fund the Program in the Bryn Mawr/Broadway Redevelopment Project Area ("Bryn Mawr/Broadway Area") in an amount not to exceed \$750,000; and

WHEREAS, as part of the Program, the \$750,000 funding previously authorized for the Bryn Mawr/Broadway Area was substantially expended for the improvement of commercial and industrial facilities of small businesses in the Bryn Mawr/Broadway Area; and

WHEREAS, the SBIF Ordinance authorized HED to fund the Program in the Jefferson Park Business District Redevelopment Project Area ("Jefferson Park Area") in an amount not to exceed \$1,500,000; and

WHEREAS, as part of the Program, the \$1,500,000 funding previously authorized for the Jefferson Park Area was substantially expended for the improvement of commercial and industrial facilities of small businesses in the Jefferson Park Area; and

WHEREAS, the SBIF Ordinance authorized HED to fund the Program in the Lincoln Avenue Redevelopment Project Area ("Lincoln Avenue Area") in an amount not to exceed \$1,000,000; and

WHEREAS, as part of the Program, the \$1,000,000 funding previously authorized for the Lincoln Avenue Area was substantially expended for the improvement of commercial and industrial facilities of small businesses in the Lincoln Avenue Area; and

WHEREAS, the SBIF Ordinance authorized HED to fund the Program in the Northwest Industrial Corridor Redevelopment Project Area ("Northwest Industrial Area") in an amount not to exceed \$2,500,000; and

WHEREAS, as part of the Program, the \$2,500,000 funding previously authorized for the Northwest Industrial Area was substantially expended for the improvement of commercial and industrial facilities of small businesses in the Northwest Industrial Area; and

WHEREAS, the SBIF Ordinance authorized HED to fund the Program in the Pulaski Corridor Redevelopment Project Area ("Pulaski Corridor Area") in an amount not to exceed \$1,000,000; and

WHEREAS, as part of the Program, the \$1,000,000 funding previously authorized for the Pulaski Corridor Area was substantially expended for the improvement of commercial and industrial facilities of small businesses in the Pulaski Corridor Area; and

WHEREAS, the SBIF Ordinance authorized HED to fund the Program in the Ravenswood Corridor Redevelopment Project Area ("Ravenswood Corridor Area") in an amount not to exceed \$1,000,000; and

WHEREAS, as part of the Program, the \$1,000,000 funding previously authorized for the Ravenswood Corridor Area was substantially expended for the improvement of commercial and industrial facilities of small businesses in the Ravenswood Corridor Area; and

WHEREAS, the SBIF Ordinance authorized HED to fund the Program in the Lawrence/Pulaski Redevelopment Project Area ("Lawrence/Pulaski Area") in an amount not to exceed \$750,000; and

WHEREAS, as part of the Program, the \$750,000 funding previously authorized for the Lawrence/Pulaski Area was substantially expended for the improvement of commercial and industrial facilities of small businesses in the Lawrence/Pulaski Area; and

WHEREAS, the SBIF Ordinance authorized HED to fund the Program in the Belmont/Central Redevelopment Project Area ("Belmont/Central Area") in an amount not to exceed \$1,200,000; and

WHEREAS, as part of the Program, the \$1,200,000 funding previously authorized for the Belmont/Central Area was substantially expended for the improvement of commercial and industrial facilities of small businesses in the Belmont/Central Area; and

WHEREAS, the SBIF Ordinance authorized HED to fund the Program in the Humboldt Park Commercial Redevelopment Project Area ("Humboldt Park Area") in an amount not to exceed \$1,750,000; and

WHEREAS, as part of the Program, the \$1,750,000 funding previously authorized for the

Humboldt Park Area was substantially expended for the improvement of commercial and industrial facilities of small businesses in the Humboldt Park Area; and

WHEREAS, by an ordinance adopted by the City Council of the City on December 2, 2009 and published in the Journal of Proceedings of the City Council for said date at pages 79524 to 79546, inclusive ("Twenty-Third Amending Ordinance"), HED restated the SBIF Program Rules; and

WHEREAS, the City Council now desires to make additional changes to the Program Rules, as last amended by the Twenty-Third Amending Ordinance, and to the Program data required to be reported by SomerCor (as defined below); and

WHEREAS, the City Council, under the SBIF Ordinance, authorized HED to enter into an agreement with SomerCor 504, Inc., an Illinois not-for-profit corporation ("SomerCor"), and HED entered into such agreement on March 12, 2001, which agreement continues in full force and effect, as amended from time to time, pursuant to which SomerCor performs certain administrative services for the Program, and HED now desires to further amend that agreement by entering into a thirty-fourth amending agreement (the "Thirty-Fourth Amending Agreement") with SomerCor to (a) extend the Program into the New TIF/SBIF Areas; (b) increase the amount of grant funds available in the Bryn Mawr/Broadway Area by an additional \$500,000 to a total, collective amount of \$1,250,000; (c) increase the amount of grant funds available in the Jefferson Park Area by an additional \$500,000 to a total, collective amount of \$2,000,000; (d) increase the amount of grant funds available in the Lincoln Avenue Area by an additional \$500,000 to a total, collective amount of \$1,500,000; (e) increase the amount of grant funds available in the Northwest Industrial Area by an additional \$500,000 to a total, collective amount of \$3,000,000; (f) increase the amount of grant funds available in the Pulaski Corridor Area by an additional \$500,000 to a total, collective amount of \$1,500,000; (g) increase the amount of grant funds available in the Ravenswood Corridor Area by an additional \$500,000 to a total, collective amount of \$1,500,000; (h) increase the amount of grant funds available in the Lawrence/Pulaski Area by an additional \$500,000 to a total, collective amount of \$1,250,000; (i) increase the amount of grant funds available in the Belmont/Central Area by an additional \$500,000 to a total, collective amount of \$1,700,000; (j) increase the amount of grant funds available in the Humboldt Park Area by an additional \$1,000,000 to a total, collective amount of \$2,750,000; (k) amend the Program Rules; (l) amend the data reporting requirements of SomerCor; and (m) authorize SomerCor to continue providing the same administrative services for the Program, which Thirty-Fourth Amending Agreement is set forth in more detail on Exhibit B, attached hereto and incorporated herein; and

WHEREAS, the City's obligation to provide funds under the Thirty-Fourth Amending Agreement may be met through (i) incremental taxes from the New TIF/SBIF Areas or the relevant redevelopment project area receiving an increase in grant funds pursuant to this ordinance, as applicable; or (ii) any other funds legally available to the City for this purpose; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The above recitals are expressly incorporated in and made a part of this ordinance as though fully set forth herein.

SECTION 2. Section 2 to the Twenty-Third Amending Ordinance is hereby amended

and restated by deleting the stricken language and inserting the underscored language as follows:

Exhibit "A"

CITY OF CHICAGO
DEPARTMENT OF COMMUNITY HOUSING AND ECONOMIC DEVELOPMENT
SMALL BUSINESS IMPROVEMENT FUND (SBIF)
PROGRAM RULES

The City of Chicago's Small Business Improvement Fund is a TIF program which will reimburse building owners or tenants, as applicable, for eligible investments which preserve building stock, improve neighborhood appearance or economic value, and enable businesses to stay in the neighborhood, remain competitive, or even expand within the TIF District.

Funding.

- Grants only, in the form of reimbursement, to the person or legal entity who incurred the costs of the eligible improvements.
- Each Property shall be eligible to receive the Maximum Program Assistance no more than every three years. "Property" shall mean: (1) a building regardless of whether it has multiple addresses or permanent index numbers ("PINS"); and/or (2) contiguous parcels under Common Ownership, regardless of whether they have multiple addresses or PINS. A building or multiple parcels under Common Ownership shall mean having an ownership interest by the same person or legal entity of 7.5% or more.
- Applicants whose eligibility is established by the Net Worth Requirements under the Eligible Applicant requirements are entitled to funding in the following manner:
 - a. up to seventy-five percent (75%) of eligible costs if the Applicant demonstrates a net worth less than \$2,500,000.
 - b. up to fifty percent (50%) of eligible costs if the Applicant demonstrates a net worth equal to or greater than \$2,500,000, but less than \$4,500,000.
 - c. up to twenty-five percent (25%) of eligible costs if the Applicant demonstrates a net worth equal to or greater than \$4,500,000, but less than \$6,000,000.
- Applicants whose eligibility is established by the Annual Sales Requirement under the Eligible Applicant requirements are entitled to funding in the following manner:
 - a. up to seventy-five percent (75%) of eligible costs if the Applicant demonstrates annual sales totaling less than ~~\$1,000,000~~ \$3,000,000.
 - b. up to fifty percent (50%) of eligible costs if the Applicant demonstrates annual sales totaling equal to or greater than ~~\$1,000,000~~ \$3,000,000, but less than ~~\$2,000,000~~ \$4,000,000.
 - c. up to twenty-five (25%) of eligible costs if the Applicant demonstrates annual sales totaling equal to or greater than ~~\$2,000,000~~ \$4,000,000, but less than ~~\$3,000,000~~ \$5,000,000.
- The Maximum Program Assistance shall be (i) ~~Less than One Hundred and Fifty~~

Thousand Dollars (\$150,000) maximum assistance per applicant industrial Property; (ii) less than One Hundred Thousand Dollars (\$100,000) maximum assistance per commercial Property occupied by a single owner or tenant; or (iii) less than Two Hundred and Fifty-Thousand Dollars (\$250,000) maximum assistance per commercial Property occupied by multiple owners or tenants, provided that no individual Applicant shall receive assistance greater than Fifty Thousand Dollars (\$50,000). Applicants may receive one or more grants up to the Maximum Program Assistance. Once an Applicant has received the Maximum Program Assistance, the Applicant shall not be eligible to reapply to the Program one for another Program grant for the same Property until three years from the date on which they it receives final payment for any immediately the preceding Program grant(s), provided they have it has met DCD's HED's guidelines and procedures regarding re-application. Priority for Program Funds will be given to Eligible Applicants that have not previously received Program Funds. Applicants who have received a Program grant for one Property shall not be excluded from applying for a Program grant for another Property.

- Applicants selected by lottery; a waiting-list will be created, if needed. Any waiting list created as the result of a City Council authorization of Program Funds shall expire upon the expenditure of such Program Funds. A new lottery shall be conducted and a new waiting list created, as needed, for every new or additional authorization by City Council of Program Funds for any TIF area. Any waiting-list created on or after 2012 [Effective Date of this Ordinance] shall expire two (2) years after the date of its creation. Any applicants placed on the waiting-list shall remain on the list until the waiting-list expires, they receive a grant, withdraw from the waiting-list, or are otherwise determined to no longer be eligible under the Program to receive a grant.
- The maximum grant any Property would be eligible to receive under the Program shall be reduced dollar for dollar by (i) any Direct City Financial Assistance from any other program for the Property within (3) years before the date of the application, (ii) any Direct City Financial Assistance currently being received for such Property, or (iii) any Direct City Financial Assistance that the City has agreed to provide to such Property at any time in the future pursuant to a written contract (except for "gap" financing for the Project that is disclosed at the time the Application is first filed). "Direct City Financial Assistance" shall mean financial assistance directly provided by the City, but shall not include any funds received pursuant to a contract for goods and services, a Delegate Agency Grant Agreement, or the "TIF Works" Program.
- All applicants for commercial properties who are approved for a grant of \$25,000 or greater shall be required to make at least one exterior improvement using at least ten percent (10%) of the maximum amount of their approved grant, including but not limited to, façade repair, windows and doors, awnings, and any other exterior improvements eligible under the Program; provided that, at HED's sole discretion such requirement may be waived if the applicant can demonstrate to HED's satisfaction that no exterior improvements are needed because improvements have been recently completed or the exterior features of the building have been well-maintained.

Eligible Applicants.

- Property owners that have an ownership interest in a commercial business, located on the property to be improved, with a maximum average annual sales of Three Five Million

Dollars (~~\$3,000,000~~ \$5,000,000) for the past three (3) years, or a business plan for a new business showing the same level of projected maximum average annual sales for three (3) years (the "Annual Sales Requirement"). Property owners that would otherwise be evaluated for eligibility under the Annual Sales Requirement, but lease any part of the property to one or more entities in which they do not have an ownership interest are to be evaluated for eligibility under the Net Worth Requirement (defined herein).

- Industrial businesses currently employing a maximum of one hundred (100) full-time equivalent employees. Property owners of industrial businesses currently employing a maximum of one hundred (100) full-time employees. Property owners that would otherwise be evaluated for eligibility under this paragraph, but lease any part of the property to one or more entities in which they do not have an ownership interest are to be evaluated for eligibility under the Net Worth Requirement (defined herein).
- Property owners or ownership entities who conform to maximum net worth and liquidity requirements (total net worth no more than Six Million Dollars (\$6,000,000), and total liquidity of no more than Five Hundred Thousand Dollars (\$500,000), and who lease space to eligible commercial or industrial tenants.
- Tenants that meet the Annual Sales Requirement, have a leasehold interest in the property they would like to improve pursuant to a lease agreement with the property owner and have express prior property owner approval to make specific improvements. The property owner's eligibility will not be a requirement for the Tenant's eligibility.
- Qualified building owners who seek to attract eligible new commercial or industrial tenants to vacant space.
- Businesses which are Not eligible include, but may not be limited to: fast-food chain restaurants; national chain businesses (as defined by HED); branch banks; employment agencies; currency exchanges; pay day loan stores; pawn shops; astrology, palm-reading; liquor stores, bars; adult bookstores, massage parlors; hotels or motels; track waging facilities; trailer-storage yards; and junk yards, or any uses similar to those listed.
- Religious organizations that operate an industrial or commercial business may be eligible for a Program grant provided that an authorized officer signs an affidavit stating that (a) the room or space that the SBIF funds will be used to acquire, improve or rehabilitate is not its primary place of worship; (b) SBIF funds will be used only for those portions of the acquisition, improvement or rehabilitation of the premises that are attributable to business activities described in its application; and (c) If in the future it uses the premise for inherently religious activities it will reimburse the City for the present value of the improvements, in an amount not to exceed the grant of SBIF funds.

Vacant Property.

Funding for vacant properties will require a minimum sixty percent (60%) lease-up by square footage of the entire property and one hundred percent (100%) lease-up of the ground floor space with a qualified tenant, prior to funding.

Eligible Costs.

Any TIF-eligible improvement which permits a building owner to attract new commercial or industrial tenants, allows an eligible business owner to maintain or expand operations, or contributes to the improved appearance and viability of a property may be funded by the Program. This includes, at HED's discretion, but is not limited to, funding for the rehabilitation, remodeling, or renovation of items improvements including, but not limited to, such as the following:

- roof and facade;
- signs or awnings which are permanently affixed to the building;
- alterations or structures needed for ADA compliance (e.g., railings or ramps);
- HVAC and other mechanical systems;
- plumbing and electrical work;
- certain beautification efforts located in the public way;
- certain environmental remediation measures; and
- the purchase of adjacent land parcels for purposes of expansion or parking;
- The cost of an energy audit that recommends measures to improve the energy efficiency of a building may be included as a rehabilitation cost to the extent that:
 - (a) the building renovations undertaken pursuant to such recommendation promote energy efficiency and resource conservation (e.g., the installation of low-flow plumbing fixtures or energy-efficient HVAC systems, the use of building materials made with a high degree of recycled content or renewable or non-toxic substances); and
 - (b) the cost of the energy audit does not exceed 10% of the project budget.
- permanent interior renovations, including fixtures.

The following items are Not eligible for reimbursement, and therefore will not be counted toward total project cost (this is not an exhaustive list):

- new construction;
- minor repairs or improvements such as painting or cleaning;
- equipment-related expenses;
- planters surrounding or affixed to buildings;
- perimeter security fencing; and
- work on the interior of residential units; and

-- work, in HED's sole determination, that is not consistent with the goals of this Program or the redevelopment priorities of the relevant TIF area, including Only projects which that do not conform with the uses and goals defined in the governing Redevelopment Plan for the relevant TIF district will be accepted for funding area.

Energy Efficiency Requirement.

All industrial applicants shall be required to purchase products that earn the ENERGY STAR and meet the ENERGY STAR specifications for energy efficiency. The applicant is encouraged to visit energystar.gov for complete product specifications and updated lists of qualifying products.

Design Requirements for Facade Work.

In order to receive funding, projects must conform to minimum design requirements. In addition, projects will be encouraged to meet design goals and guidelines. Applicants are strongly advised to consult with SomerCor on design requirements and guidelines before drawing up plans for work. Work which is potentially damaging to the building, such as use of incorrect tuckpointing materials, will not be reimbursed. Plans must be submitted to SomerCor for design approval prior to beginning construction, or the project will be automatically disqualified.

Compliance.

- Checks will be performed on all applicants prior to funding to insure that they are not indebted to the City and that they are in compliance with child support laws.
- Each applicant will sign an Economic Disclosure Affidavit.
- Grantees will be required to sign an affidavit certifying that they will not relocate out of the TIF district or sell the business within a three (3) year period following disbursement of funds under the Program. This will be monitored.
- In cases of SBIF reimbursement for land purchase, proof of land ownership will be required before reimbursement may be made.

Time Limits.

Each stage of the program has a time limit by which it must be completed. Applicants who do not complete each stage within that limit will be disqualified:

- Applicant supplies any missing information to complete their application: twenty (20) days.
- Plans, bids, and specs, are obtained, debts are cured: one hundred twenty (120) days.
- Applicant provides evidence to the satisfaction of HED within one hundred and twenty (120) days following the date of the commitment letter that it has sufficient funds to complete the approved project. Such evidence may include, but is not limited to, a letter

of interest or commitment from a financial institution for a loan or line of credit or financial statements that demonstrate that the applicant currently has sufficient equity to complete the project.

-- Construction is completed or land is purchased: ten (10) months.

A maximum of ~~one (1)~~ two (2) extensions may be granted with City HED approval in the case of an unavoidable delay due to extraordinary circumstances only. If a second extension is granted, it shall be limited to a maximum of forty-five (45) days, unless the delay is caused by the City. In such case, HED shall have discretion to determine the appropriate length of the extension.

Technical Assistance.

Grantees will have access to technical assistance to aid them in selecting contractors, obtaining bids, and drawing up proper work contracts.

Minority/Women-Owned Businesses (M/WBE).

A directory of City of Chicago certified M/WBE contractors will be provided to all eligible applicants to encourage the hiring of such contractors under the program.

Effective Date of Program Rules.

These Program Rules shall be applicable to all projects approved for funding on or after _____, 2012 [Effective Date of this Ordinance]. Projects approved prior to this date shall be governed by the version of the Program Rules applicable on the date funding was approved for such project.

SECTION 3. The Commissioner of HED (the "Commissioner") or a designee of the Commissioner are each hereby authorized to incorporate those Program Rule changes into the Program as described in Section 2 and take all actions as may be necessary to carry out and comply with the provisions of this Ordinance.

SECTION 4. SomerCor is hereby authorized to administer the Program in the New TIF/SBIF Areas and the redevelopment project areas receiving an increase in grant funds pursuant to this ordinance, subject to the supervision of HED.

SECTION 5. The Commissioner of HED or a designee of the Commissioner are each hereby authorized, with the approval of the City's Corporation Counsel as to legal form, to negotiate, execute and deliver the Thirty-Fourth Amending Agreement between SomerCor and the City substantially in the form attached hereto as Exhibit B and made a part hereof, and such other supporting documents as may be necessary to carry out and comply with the provisions of the Thirty-Fourth Amending Agreement, with such changes, deletions and insertions as shall be approved by the persons executing the Thirty-Fourth Amending Agreement.

SECTION 6. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code of Chicago, or part thereof, is in conflict with the provisions of this ordinance, the provisions of this ordinance shall control. All sections of the SBIF Ordinance in conflict with this ordinance are hereby repealed to the extent of such conflict. If any section, paragraph,

clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this ordinance.

SECTION 7. This ordinance shall be effective as of the date of its passage.

EXHIBIT A

Description of New TIF/SBIF Areas

The following New TIF/SBIF Area was created pursuant to the ordinances listed below:

on May 17, 2000: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the Archer/Central Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the Archer/Central Redevelopment Project Area as a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the Archer/Central Redevelopment Project Area"; and

on June 27, 2001: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the Division/Homan Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the Division/Homan Redevelopment Project Area as a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the Division/Homan Redevelopment Project Area;" and

on July 21, 2004: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the 47th/State Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the 47th/State Redevelopment Project Area as a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the 47th/State Redevelopment Project Area."

EXHIBIT B

Form of Thirty-Fourth Amending Agreement

[See attached]

Thirty-Fourth Amending Agreement

to

ADMINISTRATIVE SERVICES AGREEMENT

This Thirty-Fourth Amending Agreement to Administrative Services Agreement (the "Agreement") is made this ____ day of _____ 2012, by and between the City of Chicago, a municipal corporation and home rule unit of local government existing under the 1970 Constitution of the State of Illinois (the "City"), acting through its Department of Housing and Economic Development ("HED"), and SomerCor 504, Inc., an Illinois not-for-profit corporation ("SomerCor") whose office address is 601 South LaSalle Street Street, Suite 510, Chicago, Illinois 60605 and whose federal tax identification number is 36-3837330.

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

WHEREAS, by ordinances adopted by the City Council of the City on July 21, 1999 and on November 8, 2000, and published in the Journal of Proceedings of the City Council for said dates at pages 8307 to 8344, inclusive, and pages 43877-43930, inclusive, respectively (the "SBIF Ordinances"), the City implemented and amended a redevelopment program known as the Small Business Improvement Fund program (the "SBIF Program") to provide financing assistance pursuant to the Act for the improvement of commercial and industrial facilities of small businesses in certain redevelopment project areas ("TIF Areas") in the City; and

WHEREAS, the City Council, under the SBIF Ordinances, authorized HED to enter into agreements with SomerCor, and HED and SomerCor entered into one agreement on September 22, 1999 ("First SomerCor Agreement") and another agreement on March 12, 2001 ("Second SomerCor Agreement"), to administer the SBIF Programs on behalf of the City; and

WHEREAS, in an ordinance adopted by the City Council on October 31, 2001 and published in the Journal of Proceedings of the City Council for said date at pages 69965 through 70047, inclusive, (the "Midwest TIF Area Ordinance") the City Council authorized HED to enter into an agreement amending the Second SomerCor Agreement with SomerCor to enable SomerCor to provide SBIF Program administrative services in the Midwest TIF Area (the "Midwest TIF Area Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on May 1, 2002, and published in the Journal of Proceedings of the City Council for said date at pages 83769 to 83781, inclusive ("Second Amending Ordinance"), the City Council authorized HED to enter into an agreement amending the Second SomerCor Agreement with SomerCor to enable SomerCor to provide SBIF Program administrative services in the Portage Park, Western Avenue North, Western Avenue South, Fullerton/Milwaukee and Belmont/Central TIF Areas (the "Second Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on December 4, 2002, and published in the Journal of Proceedings of the City Council for said date at pages 100124 to 100135, inclusive ("Third Amending Ordinance"), the City Council authorized HED to enter into an agreement amending the Second SomerCor Agreement with SomerCor to enable SomerCor to provide SBIF Program administrative services in the Madison/Austin Corridor and Humboldt Park Commercial TIF Areas (the "Third Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on February 5, 2003, and published in the Journal of Proceedings of the City Council for said date at pages 102793 to 102803, inclusive ("Fourth Amending Ordinance"), the City Council authorized HED to enter into an agreement amending the Second SomerCor Agreement with SomerCor to enable SomerCor to provide SBIF Program administrative services in the Northwest Industrial Corridor Redevelopment Project Area (the "Fourth Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on July 9, 2003, and published in the Journal of Proceedings of the City Council for said date at pages 3418 to 3424, inclusive ("Fifth Amending Ordinance"), the City Council authorized HED to enter into an agreement amending the Second SomerCor Agreement with SomerCor which restated the SBIF Program rules (the "Fifth Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on November 3, 2004, and published in the Journal of Proceedings of the City Council for said date at pages 34545 to 34554, inclusive ("Sixth Amending Ordinance"), HED extended the SBIF Program to the Lawrence/Kedzie Redevelopment Project Area of the City (the "Sixth Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on September 14, 2005 and published in the Journal of Proceedings of the City Council for said date at pages 54724 to 54740, inclusive ("Seventh Amending Ordinance"), HED extended the SBIF Program to the 63rd/Pulaski, Belmont/Cicero, Lawrence/Pulaski, Peterson/Pulaski, West Irving Park, Greater Southwest-West, Galewood/Armitage Industrial, Pilsen Industrial Corridor, 119th and Halsted, and Pulaski Corridor Redevelopment Project Areas of the City and increased the amount of grant funds available in the Fullerton/Milwaukee Redevelopment Project Area and the Lawrence/Kedzie Redevelopment Project Area (the "Seventh Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on September 13, 2006 and published in the Journal of Proceedings of the City Council for said date at pages 83420 to 83440, inclusive ("Eighth Amending Ordinance"), HED extended the SBIF Program to twenty-one redevelopment project areas of the City (the "Eighth Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on February 7, 2007 and published in the Journal of Proceedings of the City Council for said date at pages 97661 to 97672, inclusive ("Ninth Amending Ordinance"), HED extended the SBIF Program to the 63rd/Ashland and Devon/Western Redevelopment Project Areas of the City (the "Ninth Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on June 13, 2007 and published in the Journal of Proceedings of the City Council for said date at pages 2395 to 2402, inclusive ("Tenth Amending Ordinance"), the City Council authorized HED to enter into an agreement amending the Second SomerCor Agreement with SomerCor which restated the SBIF Program rules (the "Tenth Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on October 31, 2007 and published in the Journal of Proceedings of the City Council for said date at pages 10929 to 10942, inclusive ("Eleventh Amending Ordinance"), HED extended the SBIF Program to certain redevelopment project areas of the City (the "Eleventh Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on June 11, 2008 and published in the Journal of Proceedings of the City Council for said date at pages 28833 to 28843, inclusive ("Twelfth Amending Ordinance"), HED extended the SBIF Program to the Michigan/Cermak Redevelopment Project Area of the City (the "Twelfth Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on September 10, 2008 and published in the Journal of Proceedings of the City Council for said date at pages 36267 to 36277, inclusive ("Thirteenth Amending Ordinance"), HED extended the SBIF Program to the Irving/Cicero Redevelopment Project Area of the City (the "Thirteenth Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on September 10, 2008 and published in the Journal of Proceedings of the City Council for said date at pages 36704 to 36711, inclusive ("Fourteenth Amending Ordinance"), the City Council authorized HED to enter into an agreement amending the Second SomerCor Agreement with SomerCor which restated the SBIF Program rules (the "Fourteenth Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on February 11, 2009 and published in the Journal of Proceedings of the City Council for said date at pages 54738 to 54748, inclusive ("Fifteenth Amending Ordinance"), HED extended the SBIF Program to the Hollywood/Sheridan Redevelopment Project Area of the City (the "Fifteenth Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on March 18, 2009 and published in the Journal of Proceedings of the City Council for said date at pages 55750 to 55762, inclusive ("Sixteenth Amending Ordinance"), HED extended the SBIF Program to the Elston/Armstrong Industrial Corridor Redevelopment Project Area and 47th/Ashland Redevelopment Project Area of the City (the "Sixteenth Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on April 22, 2009 and published in the Journal of Proceedings of the City Council for said date at pages 57265 to 57276, inclusive ("Seventeenth Amending Ordinance"), HED extended the SBIF Program to the Lawrence/Broadway Redevelopment Project Area and Touhy/Western Redevelopment Project Area of the City (the "Seventeenth Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on May 13, 2009 and published in the Journal of Proceedings of the City Council for said date at pages 60322 to 60333, inclusive ("Eighteenth Amending Ordinance"), HED extended the SBIF Program to the Austin Commercial Redevelopment Project Area of the City (the "Eighteenth Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on June 3, 2009 and published in the Journal of Proceedings of the City Council for said date at pages 63080 to 63090, inclusive ("Nineteenth Amending Ordinance"), HED increased the amount of grant funds available in the Clark Street and Ridge Avenue Redevelopment Project Area by an additional \$1,000,000 to a total, collective amount of \$1,750,000 (the "Nineteenth Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on June 30, 2009 and published in the Journal of Proceedings of the City Council for said date at pages 64859 to 64871, inclusive ("Twentieth Amending Ordinance"), HED extended the SBIF Program to the Midway Industrial Corridor Redevelopment Project Area and increased the amount of grant funds available in the Peterson/Pulaski Redevelopment Project Area by an additional \$1,000,000 to a total, collective amount of \$1,500,000 (the "Twentieth Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on September 9, 2009 and published in the Journal of Proceedings of the City Council for said date at pages 69297 to 69308, inclusive ("Twenty-First Amending Ordinance"), HED increased the amount of grant funds available in the 35th/Halsted Redevelopment Project Area by an additional \$500,000 to a total, collective amount of \$1,250,000 (the "Twenty-First Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on November 18, 2009 and published in the Journal of Proceedings of the City Council for said date at pages 74011 to 74023, inclusive ("Twenty-Second Amending Ordinance"), HED extended the SBIF Program to the 95th Street and Stony Island Avenue, Avalon Park/South Shore, Harlem Industrial Park Conservation, and Western Avenue/Rock Island Redevelopment Project Areas of the City (the "Twenty-Second Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on December 2, 2009 and published in the Journal of Proceedings of the City Council for said date at pages 79524 to 79546, inclusive ("Twenty-Third Amending Ordinance"), HED restated the SBIF Program Rules, extended the SBIF Program to the Avondale and Woodlawn Redevelopment Project Areas, and increased the amount of grant funds available in the Northwest Industrial Corridor Redevelopment Project Area by an additional \$1,000,000 to a total, collective amount of \$2,500,000 (the "Twenty-Third Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on January 13, 2010 and published in the Journal of Proceedings of the City Council for said date at pages 82434 to 82446, inclusive ("Twenty-Fourth Amending Ordinance"), HED extended the SBIF Program to the Addison South Redevelopment Project Area (the "Twenty-Fourth Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on February 10, 2010 and published in the Journal of Proceedings of the City Council for said date at pages 83847 to 83861, inclusive ("Twenty-Fifth Amending Ordinance"), HED extended the SBIF Program to the 47th/King Drive, 79th Street Corridor and Armitage/Pulaski Redevelopment Project Areas and increased the amount of grant funds available in the Madison/Austin Corridor and Western Avenue North Redevelopment Project Areas (the "Twenty-Fifth Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on June 9, 2010 and published in the Journal of Proceedings of the City Council for said date at pages 92472 to 92483, inclusive ("Twenty-Sixth Amending Ordinance"), HED increased the amount of grant funds available in the Hollywood/Sheridan Redevelopment Project Area by an additional \$750,000 to a total, collective amount of \$1,150,000 (the "Twenty-Sixth Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on June 30, 2010 and published in the Journal of Proceedings of the City Council for said date at pages 94477 to 94491, inclusive ("Twenty-Seventh Amending Ordinance"), HED extended the SBIF Program to the Roosevelt/Cicero, Western/Ogden and Little Village Industrial Corridor Redevelopment Project

Areas and increased the amount of grant funds available in the Belmont/Central and Portage Park Redevelopment Project Areas (the "Twenty-Seventh Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on October 6, 2010 and published in the Journal of Proceedings of the City Council for said date at pages 99933 to 99946, inclusive ("Twenty-Eighth Amending Ordinance"), HED extended the SBIF Program to the Roosevelt/Homan and Ogden/Pulaski Redevelopment Project Areas and increased the amount of grant funds available in the Devon and Western and Western Avenue/Rock Island Redevelopment Project Areas (the "Twenty-Eighth Amending Agreement"); and

WHEREAS, by an ordinance adopted by the City Council of the City on November 3, 2010 and published in the Journal of Proceedings of the City Council for said date at pages 104150 to 104161, inclusive ("Twenty-Ninth Amending Ordinance"), HED increased the amount of grant funds available in the 111th Street/Kedzie Avenue Business District Redevelopment Project Area ("111th/Kedzie Area") by an additional \$750,000 to a total, collective amount of \$1,750,000; and

WHEREAS, by an ordinance adopted by the City Council of the City on February 9, 2011 and published in the Journal of Proceedings of the City Council for said date at pages 111666 to 111678, inclusive ("Thirtieth Amending Ordinance"), HED extended the SBIF Program to the Read/Dunning Redevelopment Project Area and increased the amount of grant funds available in the Midwest Redevelopment Project Area by an additional \$1,000,000 to a total, collective amount of \$2,500,000; and

WHEREAS, by an ordinance adopted by the City Council of the City on June 8, 2011 and published in the Journal of Proceedings of the City Council for said date at pages 200 to 213, inclusive ("Thirty-First Amending Ordinance"), HED increased the amount of grant funds available in the 35th/Halsted Redevelopment Project Area by an additional \$500,000 to a total, collective amount of \$1,750,000; increased the amount of grant funds available in the 47th/King Drive Redevelopment Project Area by an additional \$1,000,000 to a total, collective amount of \$1,500,000; increased the amount of grant funds available in the North Branch South Redevelopment Project Area by an additional \$500,000 to a total, collective amount of \$1,000,000; and increased the amount of grant funds available in the Portage Park Redevelopment Project Area by an additional \$500,000 to a total, collective amount of \$1,660,000; and

WHEREAS, by an ordinance adopted by the City Council of the City on July 28, 2011 and published in the Journal of Proceedings of the City Council for said date at pages 3789 to 3802, inclusive ("Thirty-Second Amending Ordinance"), HED extended the SBIF Program to the Ewing Avenue Redevelopment Project Area; and

WHEREAS, by an ordinance adopted by the City Council of the City on November 2, 2011 and published in the Journal of Proceedings of the City Council for said date at pages 9614 to 9626, inclusive ("Thirty-Third Amending Ordinance"), HED increased the amount of grant funds available in the Portage Park Redevelopment Project Area by an additional \$500,000 to a total, collective amount of \$2,160,000; and

WHEREAS, by an ordinance adopted by the City Council of the City on _____, 2012 and published in the Journal of Proceedings of the City Council for said date at pages _____ to _____, inclusive ("Thirty-Fourth Amending Ordinance"), HED amended the Program Rules for the SBIF Program, as identified on Exhibit 1 attached hereto and incorporated herein, extended the SBIF Program to certain redevelopment project areas of the City (the "New TIF/SBIF Areas"), as

identified on Exhibit 2 attached hereto and incorporated herein, increased the amount of grant funds available in eight other redevelopment project areas, and amended the data reporting requirements of SomerCor; and

WHEREAS, the Thirty-Fourth Amending Ordinance authorized HED to enter into an agreement with SomerCor to continue to provide SBIF Program administrative services, and HED and SomerCor now desire to enter into such an agreement, which will amend the First SomerCor Agreement and the Second SomerCor Agreement (the Thirty-Fourth Amending Agreement"); and

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth below, the parties hereto agree as follows:

ARTICLE I

INCORPORATION AND RECITALS

The recitals set forth above are incorporated by reference as if fully set forth herein.

ARTICLE II

REAFFIRMATION OF REPRESENTATIONS, WARRANTIES AND COVENANTS

SomerCor reaffirms each and every representation, warranty and covenant made in Article III of the Second SomerCor Agreement. SomerCor reaffirms that it has insurance in force that conforms to the requirements of Section 4.8 of the Second SomerCor Agreement.

ARTICLE III

AMENDMENTS TO FIRST AND SECOND SOMERCOR AGREEMENTS

1. The First SomerCor Agreement, as amended, is further amended, as follows:
 - (a) References in Sections 4.2(b) and 4.3(b) to \$750,000 as the maximum amount of funds available for use in the Jefferson Park Redevelopment Project Area shall be amended to state \$2,000,000.
2. The Second SomerCor Agreement, as amended, is further amended, as follows:
 - (a) Substitute Exhibit 1 regarding Program Rules with Exhibit 1 attached to this Agreement.
 - (b) Section 4.49(f)(2) is hereby amended by deleting the language stricken through and by inserting the language underscored, as follows:

On January 1 and July 1 of each year, or upon ~~D.P.D.'s~~ HED's request, SomerCor shall submit to the City a report in a form approved by ~~D.P.D.~~ HED and containing certain data resulting from the Program, which may include but is not limited to the following: (A) the number of jobs retained and created; (B) the number of vacant buildings occupied; (C) the number of business expansions; (D) the percentage of applications funded; (E) the number of industrial and commercial projects; (F) the number of facades improved; (G) the number of businesses assisted (including phases); (H) the amount of all grants awarded (individual

as well as collective data); (I) the average amount of industrial and commercial grants; (J) the amount of private investment; (K) the number of energy efficient or "green" projects; (L) wage information for each permanent job created or retained; (G) (M) other economic benefits in connection with the Program; and (N) such other data as may be requested by HED from time to time.

(c) add the following text at the end of Exhibit 2 thereof:

; and

82) on May 17, 2000: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the Archer/Central Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the Archer/Central Redevelopment Project Area as a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the Archer/Central Redevelopment Project Area"; and

83) on June 27, 2001: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the Division/Homan Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the Division/Homan Redevelopment Project Area as a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the Division/Homan Redevelopment Project Area;" and

84) on July 21, 2004: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the 47th/State Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the 47th/State Redevelopment Project Area as a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the 47th/State Redevelopment Project Area."

(d) add the following text at the end of Exhibit 5 thereof:

Archer/Central	\$500,000
Division/Homan	\$500,000
47 th /State	\$500,000

(e) amend the text in Exhibit 5 thereof increasing the maximum funds available for the following Areas, as follows:

Bryn Mawr/Broadway	\$1,250,000
Humboldt Park Commercial	\$2,750,000
Lincoln Avenue	\$1,500,000
Northwest Industrial Corridor	\$3,000,000
Pulaski Corridor	\$1,500,000
Ravenswood Corridor	\$1,500,000
Lawrence/Pulaski	\$1,250,000
Belmont/Central	\$1,700,000

(f) substitute the following for each occurrence of "Eighty-Six Million Five Hundred and Sixty Thousand Dollars (\$86,560,000)" in Section 4.2 thereof:

Ninety-Three Million Five Hundred and Sixty Thousand Dollars (\$93,560,000)

ARTICLE IV

OBLIGATION TO PROVIDE DOCUMENTS

SomerCor shall execute and deliver to HED such documents as may be required by the Corporation Counsel of the City to evidence SomerCor's participation in the Program, including, but not limited to, the City's current form of Economic Disclosure Statement and an opinion of counsel in substantially the form of Exhibit 3 attached hereto and incorporated herein.

IN WITNESS WHEREOF, the City and SomerCor have executed this Agreement as of the date first set forth above.

CITY OF CHICAGO

By: _____
Commissioner, Department
of Housing and Economic Development

SOMERCOR 504, INC.

By: _____

Its: _____

EXHIBIT 1 to Thirty-Fourth Amending Agreement

Amended Program Rules

CITY OF CHICAGO
DEPARTMENT OF HOUSING AND ECONOMIC DEVELOPMENT
SMALL BUSINESS IMPROVEMENT FUND (SBIF)
PROGRAM RULES

The City of Chicago's Small Business Improvement Fund is a TIF program which will reimburse building owners or tenants, as applicable, for eligible investments which preserve building stock, improve neighborhood appearance or economic value, and enable businesses to stay in the neighborhood, remain competitive, or even expand within the TIF District.

Funding.

- Grants only, in the form of reimbursement, to the person or legal entity who incurred the costs of the eligible improvements.
- Each Property shall be eligible to receive the Maximum Program Assistance no more than every three years. "Property" shall mean: (1) a building regardless of whether it has multiple addresses or permanent index numbers ("PINS"); and/or (2) contiguous parcels under Common Ownership, regardless of whether they have multiple addresses or PINS. A building or multiple parcels under Common Ownership shall mean having an ownership interest by the same person or legal entity of 7.5% or more.
- Applicants whose eligibility is established by the Net Worth Requirements under the Eligible Applicant requirements are entitled to funding in the following manner:
 - a. up to seventy-five percent (75%) of eligible costs if the Applicant demonstrates a net worth less than \$2,500,000.
 - b. up to fifty percent (50%) of eligible costs if the Applicant demonstrates a net worth equal to or greater than \$2,500,000, but less than \$4,500,000.
 - c. up to twenty-five percent (25%) of eligible costs if the Applicant demonstrates a net worth equal to or greater than \$4,500,000, but less than \$6,000,000.
- Applicants whose eligibility is established by the Annual Sales Requirement under the Eligible Applicant requirements are entitled to funding in the following manner:
 - a. up to seventy-five percent (75%) of eligible costs if the Applicant demonstrates annual sales totaling less than \$3,000,000.
 - b. up to fifty percent (50%) of eligible costs if the Applicant demonstrates annual sales totaling equal to or greater than \$3,000,000, but less than \$4,000,000.
 - c. up to twenty-five (25%) of eligible costs if the Applicant demonstrates annual sales totaling equal to or greater than \$4,000,000, but less than \$5,000,000.
- The Maximum Program Assistance shall be (i) less than One Hundred and Fifty Thousand Dollars (\$150,000) maximum assistance per industrial Property; (ii) less than One Hundred Thousand Dollars (\$100,000) maximum assistance per commercial Property occupied by a single owner or tenant; or (iii) less than Two Hundred and Fifty Thousand Dollars (\$250,000)

maximum assistance per commercial Property occupied by multiple owners or tenants, provided that no individual Applicant shall receive assistance greater than Fifty Thousand Dollars (\$50,000). Applicants may receive one or more grants up to the Maximum Program Assistance. Once an Applicant has received the Maximum Program Assistance, the Applicant shall not be eligible to reapply for another Program grant for the same Property until three years from the date on which it receives final payment for the preceding Program grant(s), provided it has met HED's guidelines and procedures regarding re-application. Applicants who have received a Program grant for one Property shall not be excluded from applying for Program grants for another Property.

- Applicants selected by lottery; a waiting-list will be created, if needed. Any waiting-list created on or after ____ 2012 [Effective Date of this Ordinance] shall expire two (2) years after the date of its creation. Any applicants placed on the waiting-list shall remain on the list until the waiting-list expires, they receive a grant, withdraw from the waiting-list, or are otherwise determined to no longer be eligible under the Program to receive a grant.
- The maximum grant any Property would be eligible to receive under the Program shall be reduced dollar for dollar by (i) any Direct City Financial Assistance from any other program for the Property within (3) years before the date of the application, (ii) any Direct City Financial Assistance currently being received for such Property, or (iii) any Direct City Financial Assistance that the City has agreed to provide to such Property at any time in the future pursuant to a written contract (except for "gap" financing for the Project that is disclosed at the time the Application is first filed). "Direct City Financial Assistance" shall mean financial assistance directly provided by the City, but shall not include any funds received pursuant to a contract for goods and services, a Delegate Agency Grant Agreement, or the "TIF Works" Program.
- All applicants for commercial properties who are approved for a grant of \$25,000 or greater shall be required to make at least one exterior improvement using at least ten percent (10%) of the maximum amount of their approved grant, including but not limited to, façade repair, windows and doors, awnings, and any other exterior improvements eligible under the Program; provided that, at HED's sole discretion such requirement may be waived if the applicant can demonstrate to HED's satisfaction that no exterior improvements are needed because improvements have been recently completed or the exterior features of the building have been well-maintained.

Eligible Applicants.

- Property owners that have an ownership interest in a commercial business, located on the property to be improved, with a maximum average annual sales of Five Million Dollars (\$5,000,000) for the past three (3) years, or a business plan for a new business showing the same level of projected maximum average annual sales for three (3) years (the "Annual Sales Requirement"). Property owners that would otherwise be evaluated for eligibility under the Annual Sales Requirement, but lease any part of the property to one or more entities in which they do not have an ownership interest are to be evaluated for eligibility under the Net Worth Requirement (defined herein).
- Industrial businesses currently employing a maximum of one hundred (100) full-time equivalent employees. Property owners of industrial businesses currently employing a maximum of one hundred (100) full-time employees. Property owners that would otherwise

be evaluated for eligibility under this paragraph, but lease any part of the property to one or more entities in which they do not have an ownership interest are to be evaluated for eligibility under the Net Worth Requirement (defined herein).

- Property owners or ownership entities who conform to maximum net worth and liquidity requirements (total net worth no more than Six Million Dollars (\$6,000,000), and total liquidity of no more than Five Hundred Thousand Dollars (\$500,000), and who lease space to eligible commercial or industrial tenants.
- Tenants that meet the Annual Sales Requirement, have a leasehold interest in the property they would like to improve pursuant to a lease agreement with the property owner and have express prior property owner approval to make specific improvements. The property owner's eligibility will not be a requirement for the Tenant's eligibility.
- Qualified building owners who seek to attract eligible new commercial or industrial tenants to vacant space.
- Businesses which are Not eligible include, but may not be limited to: fast-food chain restaurants; national chain businesses (as defined by HED); branch banks; employment agencies; currency exchanges, pay day loan stores; pawn shops; astrology, palm-reading; liquor stores, bars; adult bookstores, massage parlors; hotels or motels; track waging facilities; trailer-storage yards; and junk yards, or any uses similar to those listed.
- Religious organizations that operate an industrial or commercial business may be eligible for a Program grant provided that an authorized officer signs an affidavit stating that (a) the room or space that the SBIF funds will be used to acquire, improve or rehabilitate is not its primary place of worship; (b) SBIF funds will be used only for those portions of the acquisition, improvement or rehabilitation of the premises that are attributable to business activities described in its application; and (c) If in the future it uses the premise for inherently religious activities it will reimburse the City for the present value of the improvements, in an amount not to exceed the grant of SBIF funds.

Vacant Property.

Funding for vacant properties will require a minimum sixty percent (60%) lease-up by square footage of the entire property and one hundred percent (100%) lease-up of the ground floor space with a qualified tenant, prior to funding.

Eligible Costs.

Any TIF-eligible improvement which permits a building owner to attract new commercial or industrial tenants, allows an eligible business owner to maintain or expand operations, or contributes to the improved appearance and viability of a property may be funded by the Program. This includes, at HED's discretion, funding for the rehabilitation, remodeling or renovation of improvements including, but not limited to, the following:

- roof and facade;
- signs or awnings which are permanently affixed to the building;

- alterations or structures needed for ADA compliance (e.g., railings or ramps);
- HVAC and other mechanical systems;
- plumbing and electrical work;
- certain beautification efforts located in the public way;
- certain environmental remediation measures; and
- the purchase of adjacent land parcels for purposes of expansion or parking;
- the cost of an energy audit that recommends measures to improve the energy efficiency of a building may be included as a rehabilitation cost to the extent that:
 - (a) the building renovations undertaken pursuant to such recommendation promote energy efficiency and resource conservation (e.g., the installation of low-flow plumbing fixtures or energy-efficient HVAC systems, the use of building materials made with a high degree of recycled content or renewable or non-toxic substances); and
 - (b) the cost of the energy audit does not exceed 10% of the project budget.
- permanent interior renovations, including fixtures.

The following items are Not eligible for reimbursement, and therefore will not be counted toward total project cost (this is not an exhaustive list):

- new construction;
- minor repairs or improvements such as painting or cleaning;
- equipment-related expenses;
- planters surrounding or affixed to buildings;
- perimeter security fencing;
- work on the interior of residential units and
- work, in HED's sole determination, that is not consistent with the goals of this Program or the redevelopment priorities of the relevant TIF area, including, projects that do not conform with the uses and goals defined in the governing Redevelopment Plan for the relevant TIF area.

Energy Efficiency Requirement.

All industrial applicants shall be required to purchase products that earn the ENERGY STAR and meet the ENERGY STAR specifications for energy efficiency. The applicant is encouraged to visit energystar.gov for complete product specifications and updated lists of qualifying products.

Design Requirements for Facade Work.

In order to receive funding, projects must conform to minimum design requirements. In addition, projects will be encouraged to meet design goals and guidelines. Applicants are strongly advised to consult with SomerCor on design requirements and guidelines before drawing up plans for work. Work which is potentially damaging to the building, such as use of incorrect tuckpointing materials, will not be reimbursed. Plans must be submitted to SomerCor for design approval prior to beginning construction, or the project will be automatically disqualified.

Compliance.

- Checks will be performed on all applicants prior to funding to insure that they are not indebted to the City and that they are in compliance with child support laws.
- Each applicant will sign an Economic Disclosure Affidavit.
- Grantees will be required to sign an affidavit certifying that they will not relocate out of the TIF district or sell the business within a three (3) year period following disbursement of funds under the Program. This will be monitored.
- In cases of SBIF reimbursement for land purchase, proof of land ownership will be required before reimbursement may be made.

Time Limits.

Each stage of the program has a time limit by which it must be completed. Applicants who do not complete each stage within that limit will be disqualified:

- Applicant supplies any missing information to complete their application: twenty (20) days.
- Plans, bids, and specs, are obtained, debts are cured: one hundred twenty (120) days.
- Applicant provides evidence to the satisfaction of HED within one hundred and twenty (120) days following the date of the commitment letter that it has sufficient funds to complete the approved project. Such evidence may include, but is not limited to, a letter of interest or commitment from a financial institution for a loan or line of credit or financial statements that demonstrate that the applicant currently has sufficient equity to complete the project.
- Construction is completed or land is purchased: ten (10) months.

A maximum of two (2) extensions may be granted with HED approval in the case of an unavoidable delay due to extraordinary circumstances only. If a second extension is granted, it shall be limited to a maximum of forty-five (45) days, unless the delay is caused by the City. In such case, HED shall have discretion to determine the appropriate length of the extension.

Technical Assistance.

Grantees will have access to technical assistance to aid them in selecting contractors, obtaining bids, and drawing up proper work contracts.

Minority/Women-Owned Businesses (M/WBE).

A directory of City of Chicago certified M/WBE contractors will be provided to all eligible applicants to encourage the hiring of such contractors under the program.

Effective Date of Program Rules.

These Program Rules shall be applicable to all projects approved for funding on or after _____, 2012. Projects approved prior to this date shall be governed by the version of the Program Rules applicable on the date funding was approved for such project.

EXHIBIT 2 to Thirty-Fourth Amending Agreement

Description of New TIF/SBIF Areas

The following New TIF/SBIF Areas were created pursuant to the ordinances listed below:

on May 17, 2000: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the Archer/Central Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the Archer/Central Redevelopment Project Area as a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the Archer/Central Redevelopment Project Area"; and

on June 27, 2001: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the Division/Homan Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the Division/Homan Redevelopment Project Area as a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the Division/Homan Redevelopment Project Area"; and

on July 21, 2004: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the 47th/State Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the 47th/State Redevelopment Project Area as a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the 47th/State Redevelopment Project Area."

EXHIBIT 3 to Thirty-Fourth Amending Agreement

Form of Counsel's Opinion

_____, 2012

City of Chicago
Department of Housing and Economic Development
121 North LaSalle Street
Chicago, Illinois 60602

RE: Amending Agreement to Administrative Services Agreement (the "Agreement")

Ladies and Gentlemen:

I have acted as counsel for SomerCor 504, Inc., an Illinois not-for-profit corporation ("SomerCor"), in connection with the execution and delivery of the Agreement by and between SomerCor and the City of Chicago, acting by and through its Department of Housing and Economic Development (the "City"). SomerCor has requested that this opinion be furnished to the City.

In so acting as counsel for SomerCor I have examined:

- (i) an executed original of the Agreement;
- (ii) the Articles of Incorporation, including all amendments thereto, of SomerCor as furnished and certified by the Secretary of State of the State of Illinois;
- (iii) the By-Laws of SomerCor, as certified by the Secretary of SomerCor as of the date hereof; and
- (iv) the Certificate of Good Standing dated _____, issued by the Office of the Secretary of State of the State of Illinois, as to the good standing of SomerCor.

In my capacity as counsel, I have also examined such other documents or instruments as I have deemed relevant for the purposes of rendering the opinions hereinafter set forth.

I have also assumed, but have no reason to question, the legal capacity, authority and the genuineness of the signatures of and due and proper execution and delivery by the respective parties other than SomerCor which has made, executed or delivered or will make, execute and deliver the agreements and documents examined by me.

I express no opinion as to (i) the laws of any state or jurisdiction other than the State of Illinois (and any political subdivisions thereof) and the United States of America; and (ii) any matters pertaining or relating to the securities laws of the United States of America, the State of Illinois or any other state.

Based upon and subject to the assumptions and qualifications herein stated, it is my opinion that:

1. SomerCor is a not-for-profit corporation, duly organized and validly existing under the laws of the State of Illinois, SomerCor has made all filings required by the laws of the State of Illinois in respect of its formation and continuing existence, and has all requisite authority to carry on its business and to execute and deliver, and to consummate the transactions contemplated by, the Agreement.
2. The Agreement has been duly executed and delivered on behalf of SomerCor, and constitutes a legal, valid and binding obligation of SomerCor, enforceable against SomerCor in accordance with its terms, except to the extent that enforcement of any such terms may be limited by: (a) applicable bankruptcy, reorganization, debt arrangement, insolvency or other similar laws generally affecting creditors' rights; or (b) judicial and public policy limitations upon the enforcement of certain remedies including those which a court of equity may in its discretion decline to enforce.
3. There is no action, suit or proceeding at law or in equity pending, nor to my knowledge threatened, against or affecting SomerCor, before any court or before any governmental or administrative agency, which if adversely determined could materially and adversely affect the ability of SomerCor to perform under the Agreement or any of its business or properties or financial or other conditions.
4. The transactions contemplated by the Agreement are governed by the laws of the State of Illinois.
5. The execution and delivery of the Agreement and the consummation of the transactions contemplated thereby will not constitute:
 - A. a violation or breach of (i) the Articles of Incorporation of SomerCor, (ii) the By-Laws of SomerCor, (iii) any provision of any contract or other instrument to which SomerCor is bound, or (iv) any order, writ, injunction, decree, statute, rule or regulation binding on SomerCor, or
 - B. a breach of any of the provisions of, or constitute a default under, or result in the creation or imposition of any lien or encumbrance upon any of the property of SomerCor pursuant to any agreement or other instrument to which SomerCor is a party or by which SomerCor is bound.
6. No action of, or filing with, any governmental or public body is required to authorize, or is otherwise required for the validity of, the execution, delivery and performance of any of the Agreement.

This opinion is furnished for your benefit and may be relied upon by you and any such other party in connection with the Agreement, but may not be delivered to or relied upon by any other person or entity without written consent from the undersigned.

Very truly yours,