



Office of the City Clerk

City Hall
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Chicago, IL 60602
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Legislation Details (With Text)

File #: O2012-6589
Type: Ordinance **Status:** Passed
File created: 10/3/2012 **In control:** City Council
Final action: 10/31/2012
Title: Redevelopment agreement with Halsted Pershing Morgan LLC for construction of build-out to accommodate industrial uses
Sponsors: Emanuel, Rahm
Indexes: Redevelopment
Attachments: 1. O2012-6589.pdf, 2. O2012-6589

Date	Ver.	Action By	Action	Result
11/2/2012	1	Office of the Mayor	Signed by Mayor	
10/31/2012	1	City Council	Passed	Pass
10/30/2012	1	Committee on Finance	Recommended to Pass	Pass
10/3/2012	1	City Council	Referred	

ORDINANCE

WHEREAS, pursuant to an ordinance adopted by the City Council ("City Council") of the City of Chicago (the "City") on December 11, 1996 and published at pages 35665 to 35875 of the Journal of the Proceedings of the City Council (the "Journal") of such date, a certain redevelopment plan and project (the "Plan") for the Stockyards Annex Redevelopment Project Area (the "Area") was approved pursuant to the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.) (the "Act") and was further amended on October 6, 2005 and published on pages 56906 to 57163 of the Journal; and

WHEREAS, pursuant to an ordinance adopted by the City Council on December 11, 1996 and published at pages 35876 to 35881 of the Journal of such date, the Area was designated as a redevelopment project area pursuant to the Act; and

WHEREAS, pursuant to an ordinance (the "TIF Ordinance") adopted by the City Council on December 11, 1996 and published at pages 35882 to 35886 of the Journal of such date, tax increment allocation financing was adopted pursuant to the Act as a means of financing certain Area redevelopment project costs (as defined in the Act) incurred pursuant to the Plan; and

WHEREAS, Halsted Pershing Morgan, LLC, a Delaware limited liability company (the "Developer"), owns a commercial building (the "Site") at real property commonly known as 815 W. Pershing Road (the "Property") located within the Area and has constructed a 104,000 square foot industrial warehouse and distribution facility (the "Project"); and

WHEREAS, the Developer has proposed to undertake the redevelopment of the Site in accordance with the Plan and pursuant to the terms and conditions of a proposed redevelopment agreement to be executed by the Developer and the City, including but not limited to construction build-out of space to accommodate industrial uses to be financed in part by incremental taxes on the Property and from the Area, if any, deposited in the Stockyards Annex Project Area Tax Allocation Fund (as defined in the TIF Ordinance)

pursuant to Section 5/11-74.4-8(b) of the Act to the extent, and in the amount, provided in the Redevelopment Agreement (hereinafter defined); and

WHEREAS, pursuant to Resolution 12-CDC-19, the Commission has recommended that the Developer be designated as the developer for the Project and that the City's Department of Housing and Economic Development ("HED") be authorized to negotiate, execute and deliver on behalf of the City a redevelopment agreement with the Developer for the Project; now therefore,

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

SECTION 1. The above recitals are incorporated herein and made a part hereof.

SECTION 2. The Company is hereby designated as the developer for the Project pursuant to Section 5/11 -74.4-4 of the Act.

SECTION 3. The Commissioner of HED (the "Commissioner") or a designee of the Commissioner are each hereby authorized, with the approval of the City's Corporation Counsel as to form and legality, to negotiate, execute and deliver a redevelopment agreement between the Company and the City in substantially in the form attached hereto as Exhibit A and made a part hereof (the "Redevelopment Agreement"), and such other supporting documents as may be necessary to carry out and comply with the provisions of the Redevelopment Agreement, with such changes, deletions and insertions as shall be approved by the persons executing the Redevelopment Agreement.

SECTION 4. If any provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the other provisions of this ordinance.

SECTION 5. All ordinances, resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflict.

SECTION 6. This ordinance shall be in full force and effect immediately upon its passage.

Attachment:
Exhibit A: Redevelopment Agreement
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REDEVELOPMENT AGREEMENT

BY AND BETWEEN

THE CITY OF CHICAGO AND

HALSTED PERSHING MORGAN, LLC

This agreement was prepared by and after recording return to: Charles E. Rodgers, Jr., Esq. City of Chicago Law Department 121 North LaSalle Street, Room 600 Chicago, IL 60602

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LIST OF EXHIBITS

- Exhibit A Exhibit B Exhibit C Exhibit D Exhibit E-1 Exhibit E-2 Exhibit F Exhibit G Exhibit H Exhibit I
- Exhibit J Exhibit K Exhibit L
- *Legal Description of Redevelopment Area
- Description of Project
- *Legal Description of Property
- Construction Requirements
- *Project Budget
- *MBE/WBE Project Budget
- Permitted Liens
- Approved Prior Expenditures
- Requisition Form
- *TIF-Funded Improvements
- Form of Subordination Agreement
- Opinion of Developer's Counsel
- Insurance Requirements

(An asterisk(*) indicates which exhibits are to be recorded.)
[leave blank 3" x 5" space for recorder's office]

This agreement was prepared by and after recording return to: Charles E. Rodgers Jr, Esq. City of Chicago Law Department 121 North LaSalle Street, Room 600 Chicago, IL 60602

HALSTED PERSHING MORGAN. LLC REDEVELOPMENT AGREEMENT

This Halsted Pershing Morgan, LLC Redevelopment Agreement (this "Agreement") is made as of this _____ day of _____, 20____, by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Housing and Economic Development ("HED"), and Halsted Pershing Morgan, LLC, a Delaware limited liability company (the "Developer"). Capitalized terms not otherwise defined herein shall have the meaning given in Section 2.

RECITALS

A. City Council Authority: To induce redevelopment pursuant to provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. (the "Act") the City Council of the City (the "the City Council") adopted certain ordinances on December 11, 1996, approving a redevelopment plan for the Stockyards Annex Redevelopment Project Area (the "Area"), designating the Area as a "redevelopment project area" under the Act, and adopting tax increment allocation financing for the Area (collectively, the "TIF Ordinances"). The Area is legally described in Exhibit A hereto.

B. The Project: The Developer intends to undertake the redevelopment project described in Exhibit B hereto (the "Project") with respect to certain property located within the Area and commonly known as 815 W. Pershing Road, Chicago, Illinois 60609 and legally described on Exhibit C (the "Property"). The completion of the Project would not reasonably be anticipated without the financing contemplated in this Agreement. The Project will be carried out in accordance with this

Agreement and the City of Chicago Stockyards Annex Redevelopment Project Area Tax Increment Financing Program Redevelopment Plan (the "Redevelopment Plan").

C. City Financing: The City agrees to use Incremental Taxes to reimburse the Developer for the costs of TIF-Funded Improvements pursuant to the terms and conditions of this Agreement.

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

SECTION 1. RECITALS

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

SECTION 2. DEFINITIONS

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

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

"Annual Compliance Report" shall mean a signed report from the Developer to the City (a) itemizing each of the Developer's obligations under the Agreement during the preceding calendar year, (b) certifying the Developer's compliance or noncompliance with such obligations, (c) attaching evidence (whether or not previously submitted to the City) of such compliance or noncompliance and (d) certifying that the Developer is not in default with respect to any provision of the Agreement, the agreements evidencing the Lender Financing, if any, or any related agreements; provided, that the obligations to be covered by the Annual Compliance Report shall include the following: (1) compliance with the Operating Covenant (Section 8.05); (2) compliance with the Jobs Covenant (Section 8.05); (3) delivery of Financial Statements and unaudited financial statements (Section 8.09); (4) delivery of updated insurance certificates, if applicable (Section 8.10); (5) delivery of evidence of payment of Non-Governmental Charges, if applicable (Section 8.11); (6) delivery of evidence that LEED Certification has been obtained and (7) compliance with all other executory provisions of the RDA.

"Available Incremental Taxes" shall mean an amount equal to Incremental Taxes deposited in the Area TIF Fund, as adjusted to reflect the amount of the City Fee described in Section 4.05 hereof.

"Business Relationship" shall have the meaning set forth for such term in Section 2-156-080 of the Municipal Code of Chicago.

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

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

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"Citv Fee" shall mean the fee described in Section 4.02 hereof.

"Citv Funds" shall mean the funds described in Section 4.05 hereof.

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

"Completion Date" shall mean the date the City issues its Certificate of Completion.

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

"Employer(s)" shall have the meaning set forth in Paragraph F of Exhibit D hereto.

"Environmental Laws" shall mean any and all federal, state or local statutes, laws, regulations,

ordinances, codes, rules, orders, licenses, judgments, decrees or requirements relating to public health and safety and the environment now or hereafter "in force, as amended and hereafter amended.

"Eguitv" shall mean funds of the Developer (other than funds derived from Lender Financing) in an amount not less than that set forth in Section 4.01 hereof.

"Event of Default" shall have the meaning set forth in Section 12 hereof.

"General Contractor" shall mean the general contractor(s) hired by the Developer for the Project.

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

"Lender Financing" shall mean funds borrowed by the Developer from lenders, if any, and used to pay for Costs of the Project otherwise secured by the Property.

"Material Amendment" shall mean an amendment (other than as described in the last sentence of this paragraph) of the Lease, the net effect of which is to directly or indirectly do any of the following: (a) materially reduce, increase, abate or rebate base rent, other amounts deemed rent, operating expense payments, tax payments, tenant improvement allowances or credits, or other monetary amounts payable (or monetary credits) under the Lease, or otherwise confer or take away any material economic benefit, in each case taking into account all direct economic effects under the Lease of the amendment or (b) shorten the initial term of the Lease or grant additional early termination rights that, if exercised, would shorten the initial term of the Lease.

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

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"MBE/WBE Budget" shall mean the budget attached hereto as Exhibit E-2.

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

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

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

"Prior Expenditure(s)" shall mean those prior expenditures relating to the Project set forth in Exhibit G hereto.

"Prohibited Use" shall mean a fast-food chain restaurant, a national chain business, a branch bank, an employment agency, a currency exchange, a payday loan store pawn shop, a psychic or astrological or palm-reading business, a bar or liquor store, an adult bookstore, a massage parlor, a hotel or motel, an off-track betting facility, a trailer-storage yard, a scrap yard, or any use similar to the preceding uses or otherwise

identified in writing by HED. The Commissioner of HED shall have discretion to consent to a waiver of any of the foregoing prohibited uses for any specific development, which discretion shall be in the Commissioners sole discretion.

"Project Budget" shall mean the budget attached hereto as Exhibit E-1, showing the total cost of the Project by line item, as the same may be amended from time to time with the consent of HED.

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

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

"Reimbursement Event" shall mean an act or omission by the Developer or its Affiliate resulting in an Event of Default relating to: (i) a material misrepresentation to the City related to the Project that the City relied upon (as reasonably determined by the City) in its decision to provide City Funds for the Project or to pay any such City Funds to the Developer; (ii) a fraudulent act or omission related to the Project; (iii) a misappropriation of funds from the uses set forth in the Project Budget resulting in the receipt by the Developer or its Affiliates of additional fees, commissions or compensation not disclosed in such Project Budget or otherwise approved in writing by HED; (iv) any intentional or material waste to the Project improvements or any portion thereof; (v) any unapproved use of City Funds for payment or reimbursement of amounts other than costs of the TIF-Funded Improvements; (vi) a breach of the transfer and assignment restrictions contained in this Agreement; (vii) any material breach of the representations, warranties or covenants regarding environmental matters contained in this Agreement, as applicable; (viii) the occurrence of any material uninsured casualty event to any portion of the Project improvements unless the portion of the improvements damaged by such event is restored within a reasonable period of time; (ix) material misappropriation or misapplication of insurance proceeds or condemnation awards relating to the Project; (x) any material misrepresentation in any Economic Disclosure Statements and

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Affidavit submitted by the Developer or its Affiliates; (xi) any receipt of City Funds after the occurrence of an Event of Default, or the occurrence of an event which, if prompt notice of such event had been given, would have entitled the City to withhold, suspend, reduce or terminate the disbursement of such City Funds under this Agreement.

"Requisition Form" shall mean the document, in the form attached hereto as Exhibit H, to be delivered by the Developer to HED pursuant to Section 4.03 of this Agreement.

"Survey" shall mean a survey of the Property prepared in accordance with Minimum Standard Detail Requirements adopted for ALTA/ACSM Land Title Surveys (1999 Revision), including such Table A requirements as the City may reasonably require, dated within 45 days prior to the Closing Date, acceptable in form and content to the City and the Title Company, prepared by a surveyor registered in the State of Illinois, certified to the City and the Title Company, and indicating whether the Property is in a flood hazard area as identified by the United States Federal Emergency Management Agency (and updates thereof to reflect improvements to the Property resulting from the Project, if any).

"Term of the Agreement" shall mean the period of time commencing on the Closing Date and ending on the earlier to occur of: (a) the date on which the Area is no longer in effect, and (b) the date on which the final payment of City Funds is made under this Agreement.

"TIF-Funded Improvements" shall mean those improvements of the Project which (i) qualify as Redevelopment Project Costs, (ii) are eligible costs under the Redevelopment Plan and (iii) the City has agreed to pay for out of the City Funds, subject to the terms of this Agreement, as set forth on Exhibit I, as the same may be amended with HED's consent.

"Title Company" shall mean Near North Title Company.

"Title Policy" shall mean a title insurance policy in the most recently revised ALTA or equivalent form, showing the 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 Property related to Lender Financing, if any, issued by the Title Company.

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

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

SECTION 3. THE PROJECT

3.01 The Project. The Developer will complete the Project no later than December 31, 2013, or such later date as to which HED may consent.

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2 Project Budget. The Developer has furnished to HED, and HED has approved, the Project Budget. The Developer hereby certifies to the City that (a) the City Funds, together with Lender Financing and Equity shall be sufficient to complete the Project, and (b) the Project Budget is true, correct and complete in all material respects.

3 HED Approval. Any approval granted by HED under this Agreement is for the purposes of this Agreement only and does not affect or constitute any approval required by any other City department or pursuant to any City ordinance, code, regulation or any other governmental approval, nor does any approval by HED pursuant to this Agreement constitute approval of the quality, structural soundness or safety of the Property or the Project or otherwise lessen the Developer's obligations under Section 5.02.

4 Survey Update. On the Completion Date, the Developer shall provide an updated Survey if the Project added new improvements to the Property.

5 Signs and Public Relations. The Developer shall erect a sign in accordance with a template provided by HED, and subject to final approval by HED, in a conspicuous location on the Property during the Project indicating that financing has been provided by the City.

SECTION 4. FINANCING

4.01 Total Project Cost and Sources of Funds. The cost of the Project is estimated to be \$11,040,469,

which the Developer will initially fund from the following sources:

Sources Equity
Lender Financing Grants
Amount \$2,314,411 \$8,571,758 \$154,300

ESTIMATED TOTAL

Such sources of funds shall be used to pay all Project costs because no City Funds will be paid until the City's issuance of a Certificate, and then only on a "pay-as-you-go" basis. Except for the City Funds, no other City financial assistance or incentives have been or will be provided for the Project.

4.02 Reimbursement from City Funds. City Funds may only be used to reimburse the Developer after the issuance of a Certificate for costs of TIF-Funded Improvements that constitute Redevelopment Project Costs. Exhibit I sets forth the maximum amount of costs that may be reimbursed from City Funds for each line item therein, contingent upon receipt by the City of documentation satisfactory to HED. City Funds shall not be paid to the Developer hereunder prior to the issuance of a Certificate. In no event shall the City reimburse the Developer in excess of the lesser of (a) \$917,000 or (b) Nine and Six Tenths percent (9.6%) of the Project costs, as set out in the final Project Budget. Furthermore, in no instance shall such the total City Funds paid under this Agreement, together with any other financial assistance provided to the Developer with respect to the Project (including, without limitation, the value of any tax assessment incentives, abatements or reductions), exceed twenty-five percent (25%) of the Project costs, as set out in the final Project Budget.

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Subject to the terms and conditions of this Agreement, the City hereby agrees to provide funds solely from Available Incremental Taxes to reimburse the Developer for the cost of TIF-Funded Improvements up to the maximum amount determined under the last sentence of the preceding paragraph (the "City Funds"). City Funds derived from Available Incremental Taxes shall be available to pay such costs and allocated for such purposes only so long as:

- i) The amount of the Available Incremental Taxes is sufficient to pay for such costs;
- and
- ii) The City has been paid the City Fee described in Section 4.05 below.

TIF Assistance shall be paid or reimbursed to Developer in three (3) annual payments pursuant to the following schedule of payment:

Issuance of the Certificate	\$458,500
First Year Anniversary of Issuance of the Certificate	\$229,250
Second Year Anniversary of Issuance of the Certificate	\$229,250

The Developer acknowledges and agrees that the City's obligation to pay any City Funds is contingent upon the fulfillment of the conditions set forth in parts (i) and (ii) above, as well as the prior issuance of the Certificate and the Developer's satisfaction of all other applicable terms and conditions of this Agreement, including, without limitation, compliance with the covenants in Section 8.05.

3 Requisition Form. On the Completion Date and on each September 30th (or such other date as the parties may agree to) thereafter and continuing throughout the Term of the Agreement, the Developer shall provide HED with a Requisition Form, along with the documentation described therein. Requisition for reimbursement of TIF-Funded Improvements shall be made not more than one time per year (or as otherwise permitted by HED). Upon HED's request, the Developer shall meet with HED to discuss any Requisition Form (s).

4 Prior Expenditures. Exhibit G hereto sets forth the prior expenditures approved by HED as of the date hereof.

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

6 Cost Overruns. The Developer shall be solely responsible for any Project costs in excess of those set forth in the Project Budget and shall hold the City harmless from any and all such costs.

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4.07 Conditional Grant. The City Funds being provided hereunder are being granted on a conditional basis, subject to the Developer's compliance with the provisions of this Agreement. The payment of City Funds is subject to being terminated and/or reimbursed as provided in Section 12.

SECTION 5. CONDITIONS PRECEDENT

The Developer must satisfy the following conditions before the City will execute and deliver this Agreement, unless such conditions are waived in writing by the City:

1 Project Budget. HED must have approved the Project Budget.

2 Other Governmental Approvals. The Developer must have secured all other necessary approvals and permits required by any state, federal, or local statute, ordinance or regulation and has submitted evidence thereof to HED. Such approvals shall include, without limitation, all building permits necessary for the Project; provided, however, that if the City agrees to close before construction commences, such building permits shall be secured prior to commencement of any such construction work.

3 Financing. The Developer must have furnished proof reasonably acceptable to the City that it has Equity, the DCEO Grant and/or Lender Financing to complete the Project. Any liens against the Property in existence at the Closing Date must have been subordinated to this Agreement pursuant to a Subordination Agreement in the form of Exhibit J to be recorded, at the expense of the Developer, with the Recorder's Office of Cook County.

4 Lease and Title. The Developer must have furnished the City with a copy of the Title Policy for the Property, certified by the Title Company, showing the Developer as the named insured, along with copies of all Schedule B title exception documents. The Title Policy must be dated as of the Closing Date and contain only

those title exceptions listed on Exhibit F hereto and evidence the recording of this Agreement. The Title Policy must contain such endorsements as may be required by Corporation Counsel, including but not limited to an owner's comprehensive endorsement and satisfactory endorsements regarding zoning (3.1 with parking), contiguity, location, access and survey. The Developer has provided to HED, on or prior to the Closing Date, certified copies of all easements and encumbrances of record with respect to the Property not addressed, to HED's satisfaction, by the Title Policy and any endorsements thereto.

5 Evidence of Clean Title. The Developer, at its own expense, must have provided the City with the searches under its name, Halsted Pershing Morgan, LLC, as follows:

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

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

6 Surveys. The Developer must have furnished the City with three (3) copies of the Survey.

7 Insurance. The Developer, at its own expense, must have insured the Property in accordance with Exhibit L hereto, and delivered to HED actual policies or Accord Form 27 certificates evidencing the required coverages.

8 Opinion of the Developer's Counsel. On the Closing Date, the Developer must have furnished the City with an opinion of counsel, substantially in the form attached hereto as Exhibit K. with such changes as may be acceptable to Corporation Counsel.

9 Evidence of Prior Expenditures. The Developer must have provided evidence satisfactory to HED in its sole discretion of the Prior Expenditures.

10 Financial Statements. The Developer must have provided HED with such financial statements as HED may reasonably require.

11 Documentation. The Developer must have provided documentation to HED, satisfactory in form and substance to HED, with respect to the current number of employees per Section 8.05. <

12 Environmental. The Developer must have provided HED with copies of any existing phase I environmental audits completed with respect to the Property and a letter from the environmental engineer(s) who completed such audit(s), authorizing the City to rely on such audits.

13 Corporate Documents; Economic Disclosure Statement. The Developer must have provided a copy of its Articles of Organization containing the original certification of the Secretary of State of its state of organization; certificates of good standing from the Secretary of State of its state of incorporation and the State of Illinois; a secretary's certificate in such form and substance as the Corporation Counsel may require; operating agreement, by-laws and such other corporate documentation as the City has requested. The Developer must also have provided the City with an Economic Disclosure Statement dated as of the Closing

Date.

14 Litigation. The Developer must have provided to Corporation Counsel and HED, a description of all pending or threatened litigation or administrative proceedings involving the Developer and the Property.

15 Lease. Intentionally Omitted.

SECTION 6. AGREEMENTS WITH CONTRACTORS

In connection with the Project, the Developer shall comply with, and shall cause the general contractor and all subcontractors to comply with, the construction requirements set forth in Exhibit D that are applicable to such parties. Such requirements are specific City requirements that must be satisfied and include, without limitation, wage, MBE/WBE utilization and City resident hiring requirements.

SECTION 7. COMPLETION OF CONSTRUCTION OR REHABILITATION

1 Certificate of Completion of Construction or Rehabilitation. Upon completion of the Project in accordance with the terms of this Agreement and upon the Developer's written request, HED shall either issue to the Developer a Certificate in recordable form certifying that the Developer has fulfilled its obligation to complete the Project in accordance with the terms of this Agreement or a written statement detailing the measures which must be taken in order to obtain the Certificate. HED may require a single inspection by an inspecting architect hired at the Developer's expense to confirm the completion of the Project. The Developer may resubmit a written request for a Certificate upon completion of such measures.

2 Effect of Issuance of Certificate; Continuing Obligations. The Certificate relates only to the performance of the work associated with the Project improvements. After the issuance of a Certificate, however, all executory terms and conditions of this Agreement and all representations and covenants contained herein unrelated to such work will remain in effect throughout the Term of the Agreement as to the parties described in the following paragraph, and the issuance of the Certificate shall not be construed as a waiver by the City of any of its rights and remedies pursuant to such executory terms.

Those covenants specifically described at Sections 8.05 and 8.14 as covenants that run with the land will bind any transferee of the Property (including an assignee as described in the following sentence) throughout the Term of the Agreement or such shorter period as may be explicitly provided for therein. The other executory terms of this Agreement shall be binding only upon the Developer or a permitted assignee under Section 15.15 of this Agreement.

3 Failure to Complete. If the Developer fails to complete the Project in accordance with the terms of this Agreement, no Certificate will ever be issued, and the City will have the right to terminate this Agreement. If this occurs, no City Funds will ever be paid to the Developer. In addition, if the Project's TIF-Funded Improvements include any public improvements, the City will have the right (but not the obligation) to complete such public improvements and the Developer must immediately reimburse the City for all reasonable costs and expenses incurred in completing such public improvements.

4 Notice of Expiration of Term of Agreement. Upon the expiration of the Term of the Agreement, HED shall provide the Developer, at the Developer's written request, with a written -notice in recordable form stating that the Term of the Agreement has expired.

SECTION 8. COVENANTS/REPRESENTATIONS/WARRANTIES OF THE DEVELOPER.

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

a) the Developer is a Delaware limited liability company duly organized, validly existing, qualified to do business in Delaware and Illinois, and licensed to do business in any other state where, due to the nature of its activities or properties, such qualification or license is required;

b) the Developer has the right, power and authority to enter into, execute, deliver and perform this Agreement;

c) the execution, delivery and performance by the Developer of this Agreement has been duly authorized by all necessary action, and does not and will not violate its Articles of Organization, by-laws or operating agreement as amended and supplemented, any applicable provision of law, or constitute a breach of, default under or require any consent under any agreement, instrument or document to which the Developer is now a party or by which the Developer is now or may become bound;

d) during the term of this Agreement, the Developer will continue to own good, indefeasible and merchantable leasehold title to the Property (and all improvements thereon), free and clear of all liens except for the Permitted Liens and such other matters as HED may consent to in writing;

e) the Developer is now and for the Term of the Agreement shall remain solvent and able to pay its debts as they mature;

f) there are no actions or proceedings by or before any court, governmental commission, board, bureau or any other administrative agency pending, threatened or affecting the Developer which would impair its ability to perform under this Agreement;

g) the Developer has and shall maintain all government permits, certificates and consents necessary to conduct its business and to construct, complete and operate the Project;

h) the Developer is not in default with respect to any agreement or instrument related to the borrowing of money to which the Developer is bound or for which the Property serves as collateral;

(i) all financial statements provided to the City are and will be, at the time of submittal, true, complete and correct in all material respects and accurately present the assets, liabilities, results of operations and financial condition of the Developer, and there has been no material adverse change in the assets, liabilities, results of operations or financial condition of the Developer since the date of the Developer's most recent Financial Statements;

(j) the Developer shall not directly or indirectly do any of the following without the prior written consent of HED, which consent shall be in HED's sole discretion: (1) be a party to any merger, liquidation or consolidation; (2) sell (including, without limitation, any sale and leaseback), transfer, convey, lease or otherwise dispose of all or substantially all of its assets or any portion of the Property; or (3) enter into any transaction that would cause a material and detrimental change to the Developer's financial condition;

(k) has not made or caused to be made, directly or indirectly, any payment, gratuity or offer of employment in connection with the Agreement or any contract paid from the City treasury or pursuant to City ordinance, for services to any City agency ("City Contract") as an inducement for the City to enter into the Agreement or any City Contra* with the Developer in violation of Chapter2-156-120 of the Municipal Code of the City;

(l) the Property shall not be used for any Prohibited Use;

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

(n) Developer agrees that Developer, any person or entity who directly or indirectly has an ownership or beneficial interest in Developer of more than 7.5 percent ("Owners"), spouses and domestic partners of such Owners, Developer's contractors (i.e., any person or entity in direct contractual privity with Developer regarding the subject matter of this Agreement) ("Contractors"), any person or entity who directly or indirectly has an ownership or beneficial interest in any Contractor of more than 7.5 percent ("Sub-owners") and spouses and domestic partners of such Sub-owners (Developer and all the other preceding classes of persons and entities are together, the "Identified Parties"), shall not make a contribution of any amount to the Mayor of the City of Chicago (the "Mayor") or to his political fundraising committee during (i) the bid or other solicitation process for this Agreement or Other Contract (as defined below), including while this Agreement or any Other Contract is executory, (ii) the term of this Agreement or any Other Contract between Developer and the City, and/or (iii) any period while an extension of this Agreement or any Other Contract with the City is being sought or negotiated.

Developer represents and warrants that since the date of public advertisement of the specification, request for qualifications, request for proposals or request for information (or any combination of those requests) or, if not competitively procured, from the date the City approached the Developer or the date the Developer approached the City, as applicable, regarding the formulation of this Agreement, no Identified Parties have made a contribution of any amount to the Mayor or to his political fundraising committee.

Developer agrees that it shall not: (a) coerce, compel or intimidate its employees to make a contribution of any amount to the Mayor or to the Mayor's political fundraising committee; (b)

fundraising committee; or (c) bundle or solicit others to bundle contributions to the Mayor or to his political fundraising committee.

Developer agrees that the Identified Parties must not engage in any conduct whatsoever designed to intentionally violate this provision or Mayoral Executive Order No. 2011-4 or to entice, direct or solicit others to intentionally violate this provision or Mayoral Executive Order No.2011-4.

Developer agrees that a violation of, non-compliance with, misrepresentation with respect to, or breach of any covenant or warranty under this provision or violation of Mayoral Executive Order No. 2011 -4 constitutes a breach and default under this Agreement, and under any Other Contract for which no opportunity to cure will be granted. Such breach and default entitles the City to all remedies (including without limitation termination for default) under this Agreement, under any Other Contract, at law and in equity. This provision amends any Other Contract and supersedes any inconsistent provision contained therein.

If Developer violates this provision or Mayoral Executive Order No. 2011-4 prior to the closing of this Agreement, the City may elect to decline to close the transaction contemplated by this Agreement.

For purposes of this provision:

"Bundle" means to collect contributions from more than one source which are then delivered by one person to the Mayor or to his political fundraising committee.

"Other Contract" means any other agreement with the City of Chicago to which Developer is a party that is (i) formed under the authority of Chapter 2-92 of the Municipal Code of Chicago; (ii) entered into for the purchase, sale or lease of real or personal property; or (iii) for materials, supplies, equipment or services which are approved and/or authorized by the City Council of the City of Chicago.

"Contribution" means a "political contribution" as defined in Chapter 2-156 of the Municipal Code of Chicago, as amended.

Individuals are "Domestic Partners" if they satisfy the following criteria:

- A) they are each other's sole domestic partner, responsible for each other's common welfare; and
- B) neither party is married as defined under Illinois law; and
- C) the partners are not related by blood closer than would bar marriage in the State of Illinois; and
- D) each partner is at least 18 years of age, and the partners are the same sex, and the partners reside at the same residence; and
- E) two of the following four conditions exist for the partners:
 - 1. The partners have been residing together for at least 12 months.
 - 2. The partners have common or joint ownership of a residence.
 - 3. The partners have at least two of the following arrangements: a. joint ownership of a motor vehicle;

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- b. a joint credit account;
 - c. a joint checking account;
 - d. a lease for a residence identifying both domestic partners as tenants.
4. Each partner identifies the other partner as a primary beneficiary in a will.

"Political fundraising committee" means a "political fundraising committee" as defined in Chapter 2-156 of the Municipal Code of Chicago, as amended.

2 Covenant to Redevelop. The Developer shall redevelop the Space in accordance with this Agreement and all Exhibits attached hereto, the Redevelopment Plan, the TIF Ordinances, the Project Budget and all amendments thereto, and all applicable federal, state and local laws, ordinances, rules, regulations, executive orders and codes. The covenants set forth in this Section shall run with the land but shall be deemed satisfied and shall terminate when the City issues its Certificate for recording in the Recorder's Office of Cook County.

3 Use of City Funds. City Funds shall be used by the Developer solely to reimburse the Developer for its payment for the TIF-Funded Improvements.

4 Bonds. The Developer shall, at the request of the City, agree to any reasonable amendments to this Agreement that are necessary or desirable in order for the City to issue (in its sole discretion) any bonds in connection with the Area; provided, however, that any such amendments shall not have a material adverse effect on the Developer or the Project. The Developer shall, at the Developer's expense, cooperate and provide reasonable assistance in connection with the marketing of any such bonds, including but not limited to providing written descriptions of the Project, making representations, providing information regarding its financial condition and assisting the City in preparing an offering statement with respect thereto. If any such bonds are issued, the City may use the proceeds thereof to reimburse the Developer for any amounts remaining due under this Agreement.

5 Occupancy Requirement and Retention; Covenant to Remain in the City. The Developer covenants that, as of the date of this Agreement, and as a condition to the issuance of the Certificate, not less than seventy-five percent (75%) of the rental space at the Property is leased. The Developer further covenants that at all time thereafter through the earlier to occur of (i) the fifth anniversary date of the issuance of the Certificate pursuant to Section 7.01, and (ii) the final payment of City Funds under this Agreement:

- a) not less than seventy-five percent (75%) of the rental space at the Property shall be leased and occupied; and
- b) it will maintain its operations within the City of Chicago and operate at the Property for the same use and at substantially the same capacity as described in the Developer's TIF application and/or this Agreement, unless the covenant in clause (a) is satisfied and the Commissioner of HED, in the Commissioner's sole discretion, consents to a change in use.

During the Term of the Agreement, the Developer shall, at the time of filing the annual Requisition Form, provide HED with a notarized affidavit certifying to its compliance with this Section 8.05 for the 12 month period ending the day prior to the date of such filing date of such certificate. Compliance

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with Section 8.05(a) shall be determined on .an annual rental square foot average only. The covenants set forth in this Section 8.05(a) shall run with the land and be binding upon any permitted transferee, if any, for the period set forth in the first paragra[In of this Section 8.05.

8.06 Arms-Length Transactions. Unless disclosed in the approved Project Budget or unless HED has given its prior written consent with respect thereto, no Affiliate of the Developer may receive any portion of City Funds, directly or indirectly, in payment for work done, services provided or materials supplied in connection with any TIF-Funded Improvement. The Developer shall provide

information with respect to any entity to receive City Funds directly or indirectly (whether through payment to the Affiliate by the Developer and reimbursement to the Developer for such costs using City Funds, or otherwise), upon HED's request, prior to any such disbursement.

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

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

9 Financial Statements. The Developer shall provide HED with financial statements for each fiscal year within 90 days of the close of such fiscal year and, at HED's request, shall provide such interim statements as HED may require.

10 Insurance. The Developer shall provide and maintain during the Term of the Agreement, and cause other applicable parties to provide and maintain, the insurance coverages specified in Exhibit L

11 Non-Governmental Charges. Except for the Permitted Liens, and subject to the next sentence, the Developer agrees to pay or cause to be paid when due any Non-Governmental Charges. The Developer has the right, before any delinquency occurs, to contest any Non-Governmental Charge by appropriate legal proceedings properly and diligently prosecuted, so long as such proceedings serve to prevent any sale or forfeiture of the Property.

12 Compliance with Laws. The Property and the Project are and shall be operated in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, executive orders and codes.

13 Recording and Filing. The Developer shall cause this Agreement, certain exhibits (as specified by Corporation Counsel), all amendments and supplements hereto to be recorded and filed against the Property in the Recorder's Office of Cook County. If the Permitted Liens include any existing mortgages, such mortgagee must execute a subordination agreement in the form of Exhibit J.

8.14 Real Estate Provisions; Governmental Charges. Subject to the next paragraph, the Developer will pay or cause to be paid when due all Governmental Charges (as defined below) which are assessed or imposed upon the Developer, the Space or the Project. "Governmental Charge" shall mean all federal, State, county, the City, or other governmental (or any instrumentality, division, agency, body, or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances, including, but not limited to, general real estate taxes.

The Developer has the right, before any delinquency occurs, to contest any Governmental Charge by appropriate legal proceedings properly and diligently prosecuted, so long as such proceedings serve to

prevent any sale or forfeiture of the Property.

8:15 Lease. Intentionally Omitted.

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

17 Annual Compliance Report. Beginning with the calendar year in which the Certificate is issued and continuing throughout the Term of the Agreement, the Developer shall submit to HED the Annual Compliance Report by February 1st of the year following the end of the calendar year to which the Annual Compliance Report relates. For example, if the Certificate is issued in 2012, then the first Annual Compliance Report will be due no later than February 1, 2013.

SECTION 9. ENVIRONMENTAL MATTERS

The Developer hereby represents and warrants to the City that it has conducted environmental studies sufficient to conclude that the Project may be constructed, completed and operated in accordance with the requirements of all Environmental Laws and this Agreement. The Developer agrees to indemnify, defend and hold the City harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses or claims of any kind whatsoever including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Laws incurred, suffered by or asserted against the City and relating to the Project or the Property.

SECTION 10. INDEMNIFICATION

The Developer agrees to indemnify, pay, defend and hold the City, and its elected and appointed officials, employees, agents and affiliates (individually an "Indemnitee," and collectively the "Indemnitees") harmless from and against, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (and including without limitation, the reasonable fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnities shall be designated a party

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thereto), that may be imposed on, suffered, incurred by or asserted against the Indemnitees in any manner directly or indirectly relating or arising out of this Agreement or the Project. The provisions of the undertakings and indemnification set out in this Section 10 shall survive the termination of this Agreement.

SECTION 11. MAINTAINING RECORDS/ RIGHT TO INSPECT

The Developer shall (a) comply with the requirements of Paragraph H of Exhibit D during the Term of the Agreement and cause the other applicable parties to comply with such requirements, and (b) upon three (3) business days' notice, permit any authorized representative of the City to have access to all portions of the Project and the Property during normal business hours to confirm the Developer's compliance with its

obligations under this Agreement.

SECTION 12. DEFAULT AND REMEDIES

12.01 Events of Default. The occurrence of any one or more of the following events, subject to the provisions of Section 12.03, shall constitute an "Event of Default" by the Developer hereunder:

- (a) the failure of the Developer to comply with any covenant or obligation, or the breach by the Developer of any representation or warranty, under this Agreement or any related agreement;
- (b) the commencement of any bankruptcy, insolvency, liquidation or reorganization proceedings under any applicable state or federal law, or the commencement of any analogous statutory or non-statutory proceedings involving the Developer; provided, however, that if such commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such proceedings are not dismissed within sixty (60) days after the commencement of such proceedings;

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

d) the entry of any judgment or order against the Developer or the Property which remains unsatisfied or undischarged and in effect for sixty (60) days after such entry without a stay of enforcement or execution;

e) the dissolution of the Developer or the death of any natural person who owns a 50% or more ownership interest in the Developer, unless, in the case of a death, the Developer establishes to the HED's satisfaction that such death shall not impair the Developer's ability to perform its executory obligations under this Agreement; or

f) the institution in any court of a criminal proceeding (other than a misdemeanor) against the Developer or any natural person who owns 5% or more ownership interest in the Developer,

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which is not dismissed within thirty (30) days, or the indictment of the Developer or any natural person who owns such a material interest in the Developer, for any crime (other than a misdemeanor).

2 Remedies. Upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements, and may suspend disbursement of City Funds. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity pursue and secure any available remedy. However, the City shall not be entitled to recover any City Funds previously paid to the Developer unless the Event of Default involves a Reimbursement Event.

3 Curative Period. In the event the Developer fails to perform any covenant or obligation or breaches any representation or warranty which the Developer is required to perform under this Agreement, an Event of Default shall not be deemed to have occurred unless the Developer has failed to cure such default within thirty (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 thirty (30) day period, the Developer shall not be deemed to have committed an Event of Default under this Agreement if it has commenced to cure the alleged default within such thirty (30) day period and thereafter diligently and continuously prosecutes the cure of such default until the same has been cured. No such cure period, however, shall apply to Events of Default described in Section 12(b), (c), (d), (e) or (f), which defaults shall have the cure periods described therein, if any. In addition, no cure period shall apply to default arising from a breach of the jobs and operations covenants in Section 8.05 and such breach shall be an immediate Event of Default.

SECTION 13. 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 F hereto. No mortgagee shall have the right to succeed to the Developer's rights under this Agreement unless it complies with the first sentence of Section 15.15 hereof.

SECTION 14. NOTICE

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

If to the City: City of Chicago
 Department of Housing and Economic Development 121 North
 LaSalle Street, Room 1000 Chicago, IL 60602 Attention:
 Commissioner

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City of Chicago Department of Law
Finance and Economic Development Division 121 North LaSalle Street, Room 600 Chicago, IL 60602

Halsted Pershing Morgan, LLC 20 South Clark Street, Suite 630 Chicago, Illinois 60603 Attention: Howard Wedren

Patrick D. Thompson
Burke, Warren, Mackay & Serritella, P.C.
330 N. Wabash, 22nd Floor
Chicago, Illinois 60611

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

pursuant to subsection (c) shall be deemed received two (2) business days following deposit in the mail.

SECTION 15. MISCELLANEOUS

1 Amendment. This Agreement and the Exhibits attached hereto may not be amended or modified without the prior written consent of the parties hereto; provided, however, that the City, in its sole discretion, may amend, modify or supplement Exhibit A hereto without the consent of any party hereto, and HED may grant consents as explicitly provided for under certain sections of this Agreement. It is agreed that no material amendment or change to this Agreement shall be made or be effective unless ratified or authorized by an ordinance duly adopted by the City Council. The term "material" for the purpose of this Section 15.01 shall be defined as any deviation from the terms of the Agreement which operates to materially reduce the scope of the Project, to reduce the occupancy requirements in Section 8.05 by more than five percent (5%), to materially change the Project or business operations of the Developer at the Property, or increases the City Funds payable to the Developer.

2 Entire Agreement. This Agreement (including each Exhibit attached hereto, which is hereby incorporated herein by reference) constitutes the entire Agreement between the parties hereto and it supersedes all prior agreements, negotiations and discussions between the parties relative to the subject matter hereof.

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

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

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

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

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

8 Headings. The paragraph and section headings contained herein are for convenience only

and are not intended to limit, vary, define or expand the content thereof.

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

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

11 Conflict. In the event of a conflict between any provisions of this Agreement and the provisions of the TIF Ordinances, and any bond ordinances relating to the Area, if any, such ordinance(s) shall prevail and control.

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

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

14 Approval. Wherever this Agreement provides for the approval or consent of the City, HED or the Commissioner, or any matter is to be to the City's, HED's or the Commissioner's satisfaction, unless specifically stated to the contrary, such approval, consent or satisfaction shall be

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made, given or determined by the City, HED 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 HED in making all approvals, consents and determinations of satisfaction, granting the Certificate or otherwise administering this Agreement for the City.

15 Assignment. The Developer may not sell, assign or otherwise transfer its interest in this Agreement in whole or in part without the written consent of the City, which consent shall be in the City's sole discretion and which, if granted, may be conditioned upon, among other things, the assignee's assumption of all of the Developer's obligations under this Agreement. The foregoing limitation shall not prevent the Developer from collaterally assigning to a lender that is also providing financing for the Project the Developer's right to receive the payment of City Funds as security for such lender financing. The Developer consents to the City's sale, transfer, assignment or other disposal of this Agreement at any time in whole or in part.

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

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

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

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

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

20 Venue and Consent to Jurisdiction. If there is a lawsuit under this Agreement, each party may 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.

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

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

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

HALSTED PERSHING MORGAN, LLC, a Delaware limited liability company

By: Hasted Pershing Dayton, LLC, a Delaware limited liability company, its Manager

By: Dayton Street Partners, LLC, a Delaware limited liability company, its Manager

By:

Howard A. Wedren Its: Manager

CITY OF CHICAGO, acting by and through its Department of Housing and Economic Development

By:

Andrew J. Mooney Commissioner

STATE OF ILLINOIS)) ss
COUNTY OF COOK)

I, _____, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Howard A. Wren, personally known to me to be the Manager of Dayton Street Partners, LLC, a Delaware limited liability company, the Manager of Halsted Pershing Dayton, LLC, a Delaware limited liability company, the Manager of Halsted Pershing Morgan, LLC, a Delaware 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 he/she signed, sealed, and delivered said instrument, pursuant to the authority given to him/her by the members of the Developer, as his free and voluntary act and as the free and voluntary act of the Developer, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this _____ day of _____,

Notary Public

My Commission Expires.

(SEAL
STATE OF ILLINOIS)) ss
COUNTY OF COOK)

I, _____, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Andrew J. Mooney, personally known to me to be the Commissioner of the Department of Housing and Economic 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 signed, sealed, and delivered said instrument pursuant to the authority given to him by the City, as his free and voluntary act and as the free and voluntary act of the City, for

the uses and purposes therein set forth.

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

Notary Public

My Commission Expires.

EXHIBIT A

Legal Description of the Redevelopment Area

REPORTS OF COMMITTEES

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

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

Adopted: July 12, 2005.

[(Sub)Exhibit "A" referred to in this Resolution 05-CDC-68 unavailable at time of printing.]

Exhibit "C. (To Ordinance)

Legal Description.

That part of the north half of Section 4 and the north half of Section 5, Township 38 North, Range 14 East of the Third Principal Meridian and part of the southwest quarter of Section 33, Township 39 North, Range 14 East of Third Principal Meridian, described as follows:

beginning at a point on the north line of the northeast quarter of the northwest quarter of said Section 5, that is 900 feet east of the west line of said quarter, said line also being the centerline of Pershing Road; thence east along said centerline of Pershing Road and the north line of said Section 5 and the north line of said Section 4 to the intersection with the southerly extension of the west line of Lowe Avenue; thence north along the aforescribed extension and the west line of Lowe Avenue to the intersection with the westerly extension of the south line of Lot 30 in Block 1, in Bates' Subdivision, a subdivision of the south half of Block 26 of Canal Trustee's Subdivision; thence east along the aforescribed extension and the south line of said Lot 30 to the southeast corner of said Lot 30; thence north along the east line of said Lot 30 to the intersection with the westerly extension of the north line of Lot 19 in said Block 1 in the aforescribed subdivision; thence east, along the aforescribed extension and the north line of said Lot 19 to the west line of Wallace Street; thence south along said west line of Wallace Street to the westerly extension of the north line of an alley located 174 feet (more or less) north of the centerline of said Pershing Road; thence east along the aforescribed extension and the north line of said alley to the east line of Parnell Avenue; thence south, along said east line of Parnell Avenue to the north line of said Section 4, also being the centerline of Pershing Road; thence east along said north line and the centerline of Pershing Road to the westerly line of the Dan Ryan Expressway; thence

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southerly along said westerly line of the Dan Ryan Expressway to the south line of Root Street; thence westerly along said south line of Root Street to the east line of Halsted Street; thence south along said east line of Halsted Street, to the intersection with the easterly extension of the centerline of Exchange Avenue; thence westerly along the aforescribed extension and the centerline of Exchange Avenue to the northerly extension of the east line of Lot 1 in Donovan Industrial Park, a subdivision of part of Lots 3, 4, 5, 6, 7, 8, 9 and 10 in the Stockyards Subdivision of the east half of Section 5, Township 38 North, Range 14, East of the Third Principal Meridian, recorded July 1, 1976 as Document Number 23542553; thence south along the aforescribed extension and said east line of Lot 1 and its southerly extension to an intersection with a line 190 feet (more or less) south of the south line of said Lot 1; thence west to the east line of the west half of the northeast quarter of said Section 5, said line also being the centerline of Morgan Street; thence south along the aforescribed centerline to the south line of the north half of said Section 5, also being the centerline of 43rd Street; thence west along the aforescribed centerline to the intersection with the west line of the east 1,650.35 feet of said Section 5; thence north along the aforescribed 1,650.35 foot line to the centerline of said Exchange Avenue; thence west along said centerline of Exchange Avenue and its westerly extension to the west line of the northeast quarter of said Section 5; thence continuing west along the centerline of a 30 foot wide alley to the intersection with the southerly extension of the west line of Lot 2 in Packers Addition to Chicago, recorded July 1, 1868 as Document Number 174263 and re-recorded November 12, 1872 as Document Number 67892; thence north along the aforescribed west line of Lot 2 to the northwest corner thereof; thence west to the intersection with the most southerly spur track of Penn Central Railroad; thence northwesterly along said southerly spur track to the intersection with the east line of Packer Avenue; thence north along said east line of Packer Avenue to the intersection with the northerly line of the Penn Central main line; thence easterly and northerly along said northerly line of the Penn Central main line to the intersection with the southerly line of a railroad spur track; thence northwesterly along the aforescribed southerly line and its northwesterly extension to the point of beginning, all in the City of Chicago, Cook County, Illinois.

Exhibit "D". (To Ordinance)

Street Location Of The Area.

The proposed Area is irregularly shaped and is generally bounded by Pershing Road on the north, Exchange Avenue and 43rd Street on the south, Wentworth Avenue on the east, and Racine and Packers Avenues on the west.

EXHIBIT B

Description of the Project

The project includes the tenant build-out of approximately 75,000 sq. ft of the existing 104,000 sq ft facility. The TIF eligible expenses are based on the preconstruction site costs. There are currently three tenants in the building: 2020 Exhibits-constructs exhibit space for major conventions; Goodman Distributors-

air conditioning supplier and the Drug Enforcement Agency (DEA) for warehousing. There is an additional 25,000 sq ft. of space available in the facility.

EXHIBIT C LEGAL DESCRIPTION OF PROPERTY

(SUBJECT TO FINAL SURVEY AND TITLE COMMITMENT)

ALL THAT PART OF LOTS 1 AND 2 IN STOCKYARDS SUBDIVISION OF THE EAST HALF OF SECTION 5, TOWNSHIP NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED AND DESCRIBED AS FOLLOWS: BEGINNING AT THE INTERSECTION OF THE WEST LINE OF SOUTH HALSTED STREET, BEING A LINE 40 FEET WEST OF AND PARALLEL WITH THE EAST LINE OF SAID SECTION 5, AND THE SOUTH LINE OF WEST PERSHING ROAD AS OPENED AND WIDENED TO 108 FEET BY ORDINANCE PASSED JUNE 3, 1929; THENCE SOUTHWESTERLY ALONG SAID SOUTH LINE OF WEST PERSHING ROAD A DISTANCE OF 625.32 FEET TO A POINT 665 FEET WEST FROM THE EAST LINE OF SAID SECTION 5; THENCE WEST . ALONG SAID SOUTH LINE OF WEST PERSHING ROAD A DISTANCE OF 92.00 FEET TO A POINT THAT IS 757 FEET WEST OF THE EAST LINE OF SAID SECTION 5; THENCE SOUTH ALONG A LINE PARALLEL WITH THE EAST LINE OF SAID SECTION 5, A DISTANCE OF 179.84 FEET TO A POINT 233.85 FEET SOUTH OF THE NORTH LINE AND 757.00 FEET WEST OF THE EAST LINE OF SAID SECTION 5; THENCE WEST A DISTANCE OF 118.49 FEET TO A POINT 234.01 FEET SOUTH OF THE NORTH LINE AND 875.49 FEET WEST OF THE EAST LINE OF SAID SECTION 5; THENCE SOUTH ALONG A LINE DRAWN PARALLEL WITH AND 875.49 FEET WEST OF THE EAST LINE OF SAID SECTION 5, A DISTANCE OF 27.34 FEET TO A POINT 261.35 FEET SOUTH OF THE NORTE LINE OF SAID SECTION 5; THENCE WEST 414.82 FEET TO A POINT 256.95 FEET SOUTH OF THE NORTH LINE AND 1290.28 FEET WEST OF THE EAST LINE OF SAID SECTION 5, BEING THE EAST LINE OF SOUTH MORGAN STREET AS DEDICATED BY PLAT RECORDED DECEMBER 6, 1968 AS DOCUMENT NO. 20697167; THENCE SOUTH ALONG SAID EAST LINE OF SOUTH MORGAN STREET, A DISTANCE OF 204.20 FEET TO A POINT 461.15 FEET SOUTH OF THE NORTH LINE AND 1290.24 FEET WEST OF THE EAST LINE OF A POINT 461.15 FEET SOUTH OF THE NORTH LINE AND 1290.24 FEET WEST OF THE EAST LINE OF SAID SECTION 5; THENCE EAST, 850.93 FEET TO A POINT 462.62 FEET SOUTH OF THE NORTH LINE AND 439.31 FEET WEST OF THE EAST LINE OF SAID SECTION 5; THENCE SOUTHEASTERLY ON A CURVED LINE CONVEX TO THE NORTHEAST WITH A RADIUS OF 805.32 FEET, A .DISTANCE OF 265.53 FEET, TO A POINT 507.84 FEET SOUTH OF THE NORTH LINE AND 178.94 FEET WEST OF THE EAST LINE OF SAID SECTION 5; THENCE SOUTHEASTERLY ON A CURVED LINE CONVEX TO THE NORTHEAST WITH A RADIUS OF 1949.48 FEET, A DISTANCE OF 150.06 FEET, TO A POINT IN THE WEST LINE OF SOUTH HALSTED STREET, BEING A POINT 564.24 FEET SOUTH OF THE NORTH LINE AND 40 FEET WEST OF THE EAST LINE OF SAID SECTION 5; THENCE NORTH ALONG SAID WEST LINE OF SOUTH HALSTED STREET, A DISTANCE OF 531.24 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

(EXCEPT THAT PART LYING SOUTHERLY AND SOUTHWESTERLY OF A LINE DESCRIBED AS FOLLOWS: BEGINNING AT A POINT 353.15 FEET SOUTH OF THE

1228929

EXHIBIT C

Legal Description of Property

(SUBJECT TO FINAL SURVEY AND TITLE COMMITMENT)

ALL THAT PART OF LOTS 1 AND 2 IN STOCKYARDS SUBDIVISION OF THE EAST HALF OF SECTION 5, TOWNSHIP NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED AND DESCRIBED AS FOLLOWS: BEGINNING AT THE INTERSECTION OF THE WEST LINE OF SOUTH HALSTED STREET, BEING A LINE 40 FEET WEST OF AND PARALLEL WITH THE EAST LINE OF SAID SECTION 5, AND THE SOUTH LINE OF WEST PERSHING ROAD AS OPENED AND WIDENED TO 108 FEET BY ORDINANCE PASSED JUNE 3, 1929; THENCE SOUTHWESTERLY ALONG SAID SOUTH LINE OF WEST PERSHING ROAD A DISTANCE OF 625.32 FEET TO A POINT 665 FEET WEST FROM THE EAST LINE OF SAID SECTION 5; THENCE WEST ALONG SAID SOUTH LINE OF WEST PERSHING ROAD A DISTANCE OF 92.00 FEET TO A POINT THAT IS 757 FEET WEST OF THE EAST LINE OF SAID SECTION 5; THENCE SOUTH ALONG A LINE PARALLEL WITH THE EAST LINE OF SAID SECTION 5, A DISTANCE OF 179.84 FEET TO A POINT 233.85 FEET SOUTH OF THE NORTH LINE AND 757.00 FEET WEST OF THE EAST LINE OF SAID SECTION 5; THENCE WEST A DISTANCE OF 11.49 FEET TO A POINT 234.01 FEET SOUTH OF THE NORTH LINE AND 875.49 FEET WEST OF THE EAST LINE OF SAID SECTION 5; THENCE SOUTH ALONG A LINE DRAWN PARALLEL WITH AND 875.49 FEET WEST OF THE EAST LINE OF SAID SECTION 5, A DISTANCE OF 27.34 FEET TO A POINT 261.35 FEET SOUTH OF THE NORTH LINE OF SAID SECTION 5; THENCE WEST 414.82 FEET TO A POINT 256.95 FEET SOUTH OF THE NORTH LINE AND 1290.28 FEET WEST OF THE EAST LINE OF SAID SECTION 5, BEING THE EAST LINE OF SOUTH MORGAN STREET AS DEDICATED BY PLAT RECORDED DECEMBER 6, 1968 AS DOCUMENT NO. 20697167; THENCE SOUTH ALONG SAID EAST LINE OF SOUTH MORGAN STREET, A DISTANCE OF 204.20 FEET TO A POINT 461.15 FEET SOUTH OF THE NORTH LINE AND 1290.24 FEET WEST OF THE EAST LINE OF SAID SECTION 5; THENCE EAST, 850.93 FEET TO A POINT 462.62 FEET SOUTH OF THE NORTH LINE AND 439.31 FEET WEST OF THE EAST LINE OF SAID SECTION 5; THENCE SOUTHEASTERLY ON A CURVED LINE CONVEX TO THE NORTHEAST WITH A RADIUS OF 805.32 FEET, A DISTANCE OF 265.53 FEET, TO A POINT 507.84 FEET SOUTH OF THE NORTH LINE AND 178.94 FEET WEST OF THE EAST LINE OF SAID SECTION 5; THENCE SOUTHEASTERLY ON A CURVED LINE CONVEX TO THE NORTHEAST WITH A RADIUS OF 1049.48 FEET, A DISTANCE OF 150.06 FEET, TO A POINT IN THE WEST LINE OF SOUTH HALSTED STREET, BEING A POINT 564.24 FEET SOUTH OF THE NORTH LINE AND 40 FEET WEST OF THE EAST LINE OF SAID SECTION 5; THENCE NORTH ALONG SAID WEST LINE OF SOUTH HALSTED STREET, A DISTANCE OF 531.24 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

(EXCEPT THAT PART LYING SOUTHERLY AND SOUTHWESTERLY OF A LINE DESCRIBED AS FOLLOWS: BEGINNING AT A POINT 353.15 FEET SOUTH OF THE NORTH LINE AND 1290.26 FEET WEST OF THE EAST LINE OF SAID SECTION 5, BEING THE EAST LINE OF SOUTH MORGAN STREET, AFORESAID; THENCE EAST, A

1228929.1

DISTANCE OF 851.86 FEET TO A POINT 354.62 FEET SOUTH OF THE NORTH LINE AND 438.40 FEET WEST OF THE EAST LINE OF SAID SECTION 5; THENCE SOUTHEASTERLY ON A CURVED LINE CONVEX TO THE NORTHEAST WITH A RADIUS OF 913.32 FEET, AN ARC DISTANCE OF 301.14 FEET TO A POINT 405.91 FEET SOUTH OF THE NORTH LINE AND 143.11 FEET WEST OF THE EAST LINE OF SAID SECTION 5, THENCE SOUTHEASTERLY ON A CURVED LINE CONVEX TO THE NORTHEAST WITH A RADIUS OF 2057.48 FEET, A DISTANCE OF 110.81 FEET, TO A POINT ON THE WEST LINE OF SOUTH HALSTED STREET, BEING A POINT 446.31 FEET SOUTH OF THE NORTH LINE AND 40.00 FEET WEST OF THE EAST LINE OF SAID SECTION 5, BEING ALSO THE POINT OF

TERMINUS.)

(ALSO EXCEPTING THAT PART DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 1, BEING ALSO A POINT 33.00 FEET SOUTH OF THE NORTH LINE OF SECTION 5 AND 40.00 FEET WEST OF THE EAST LINE OF SAID SECTION 5, SAID POINT ALSO BEING THE INTERSECTION OF THE WEST LINE OF HALSTED STREET AND THE SOUTH LINE OF PERSHING ROAD; THENCE SOUTH 00 DEGREES 05 MINUTES 22 SECONDS WEST ALONG THE WEST LINE OF HALSTED STREET A DISTANCE OF 7.00 FEET TO THE INTERSECTION OF SAID WEST LINE WITH A LINE PARALLEL WITH AND 40.00 FEET SOUTH OF, AS MEASURED AT RIGHT ANGLES TO, THE NORTH LINE OF SAID SECTION 5; THENCE NORTH 89 DEGREES 49 MINUTES 40 SECONDS WEST ALONG SAID PARALLEL LINE A DISTANCE OF 20833 FEET TO THE INTERSECTION OF SAID PARALLEL LINE WITH THE SOUTH LINE OF PERSHING ROAD; THENCE NORTH 88 DEGREES 14 MINUTES 52 SECONDS EAST ALONG THE SOUTH LINE OF SAID PERSHING ROAD A DISTANCE OF 208.44 FEET TO SAID POINT OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS.)

Commonly known and numbered as: 815 West Pershing Road, Chicago, IL

Permanent Index Numbers: 20-05-200-009

[20-05-200157 (partial) - Old PIN] 20-05-200-
161 -0000 [New PIN]

EXHIBIT D

Construction Requirements

A. Construction Contract. Upon HED's request, the Developer must provide HED with a certified copy of the construction contract, together with any modifications, amendments or supplements thereto, and upon HED's request, a copy of any subcontracts.

B. Performance and Payment Bonds. Prior to the commencement of any portion of the Project which includes work on the public way, the Developer must require the General Contractor to be bonded for its payment by sureties having an AA rating or better using a bond in a form acceptable to the City. The City shall be named as obligee or coobligee on any such bonds.

C. Employment Profile. Upon HED's request, the Developer, the General Contractor and all subcontractors must submit to HED statements of their respective employment profiles.

D. Prevailing Wage. The Developer, the General Contractor and all subcontractors must pay the prevailing wage rate as ascertained by the Illinois Department of Labor (the "Department"), to all persons working on the Project. All such contracts shall list the specified rates to be paid to all laborers, workers and mechanics for each craft or type of worker or mechanic employed pursuant to such contract. If the Department revises such prevailing wage rates, the revised rates shall apply to all such contracts. Upon the City's request, the Developer shall provide the City with copies of all such contracts entered into by the Developer or the General Contractor to evidence compliance with this Paragraph D.

E. Employment Opportunity. The Developer shall contractually obligate its or their various contractors, subcontractors or any Affiliate of the Developer operating on the Property (collectively, with the Developer, the "Employers" and individually 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:

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

handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income.

2) 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 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 Area.

3) Each Employer shall comply with all federal, state and local equal employment and affirmative action statutes, rules and regulations, including but not limited to the City's Human Rights Ordinance and the Illinois Human Rights Act, 775 ILCS 5/1-101 et seq. (1993), and any subsequent amendments and regulations promulgated thereto.

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

5) Each Employer shall include the foregoing provisions of subparagraphs (1) through (4) in every contract entered into in connection with the Project, and shall require inclusion of these provisions in every subcontract entered into by any subcontractors, and every agreement with any Affiliate operating on the Property, so that each such provision shall be binding upon each contractor, subcontractor or Affiliate, as the case may be.

6) Failure to comply with the employment obligations described in this Paragraph E shall be a basis for the City to pursue its remedies under the Redevelopment Agreement.

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

The 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.

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

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

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

The Developer, the General Contractor and each subcontractor shall provide full access to their employment records to the Chief Procurement Officer, the Commissioner of HED, the Superintendent of the Chicago Police Department, the Inspector General or any duly authorized representative of any of them. The Developer, the General Contractor and each subcontractor shall maintain all relevant personnel data and records for a period of at least three (3) years after final acceptance of the work constituting the Project.

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

Good faith efforts on the part of the 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) shall not suffice to replace the actual, verified achievement of the requirements of this Paragraph concerning the worker hours performed by actual Chicago residents.

When work at the Project is completed, in the event that the City has determined that the Developer has failed to ensure the fulfillment of the requirement of this Paragraph concerning the worker hours performed by actual Chicago residents or failed to report in the manner as indicated above, the City will thereby be damaged in the failure to provide the benefit of demonstrable employment to Chicagoans to the degree stipulated in this Paragraph. Therefore, in such a case of non-compliance, it is agreed that 1/20 of 1 percent (0.0005) of the aggregate hard construction costs set forth in the Project budget (the product of .0005 x such aggregate hard construction costs) (as the same shall be evidenced by approved contract value for the actual contracts) shall be surrendered by the Developer to the City in payment for each percentage of shortfall toward the stipulated residency requirement. Failure to report the residency of employees entirely and correctly shall result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. The willful falsification of statements and the certification of payroll data may subject the Developer, the General Contractor and/or the subcontractors to prosecution. Any retainage to cover contract performance that may become due to the Developer pursuant to Section 292-250 of the Municipal Code of Chicago may be withheld by the City pending the Chief Procurement Officer's determination as to whether the Developer must surrender damages as provided in this paragraph.

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

The Developer shall cause or require the provisions of this Paragraph F to be included in all construction contracts and subcontracts related to the Project.

G. The 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:

(1) Consistent with the findings which support the Minority Owned and Women-Owned Business Enterprise Procurement Program (the "MBE/WBE" Program"), Section 292-420 et seq., Municipal Code of Chicago, and in reliance upon the provisions of the MBE/WBE Program to the extent contained in, and as qualified by, the provisions of this Paragraph G, during the course of the Project, at least the following percentages of the MBE/WBE Budget attached hereto as Exhibit E-2 (as these budgeted amounts may be reduced to reflect decreased actual costs) shall be expended for contract participation by MBEs or WBEs:

- i. At least 24 percent by MBEs.
- ii. At least 4 percent by WBEs.

2. For purposes of this Paragraph G only, the Developer (and any party to whom a contract is let by the Developer in connection with the Project) shall be deemed a "contractor" and this Agreement (and any contract let by the Developer in connection with the Project) shall be deemed a "contract" as such terms are defined in Section 292-420, Municipal Code of Chicago.

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

4) Prior to the City's issuance of a Certificate, the Developer shall provide to HED a final report describing its efforts to achieve compliance with this MBE/WBE commitment. Such report shall include inter alia the name and business address of each MBE and WBE solicited by the 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

assistHED in determining the Developer's compliance with this MBE/WBE commitment. HED has access to

the Developer's books and records, including, without limitation, payroll records, books of account and tax returns, and records and books of account in accordance with the Redevelopment Agreement, on five (5) business days' notice, to allow the City to review the Developer's compliance with its commitment to MBE/WBE participation and the status of any MBE or WBE performing any portion of the Project.

5) Upon the disqualification of any MBE or WBE General Contractor or subcontractor, if such status was misrepresented by the disqualified party, the 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 Section 2-92-540, Municipal Code of Chicago.

6) Any reduction or waiver of the Developer's MBE/WBE commitment as described in this Paragraph G shall be undertaken in accordance with Section 2-92-450, Municipal Code of Chicago.

7) Prior to the commencement of the Project, the Developer, the General Contractor and all major subcontractors shall be required to meet with the monitoring staff of HED with regard to the Developer's compliance with its obligations under this Paragraph G. During this meeting, the Developer shall demonstrate to HED its plan to achieve its obligations under this Paragraph G, the sufficiency of which shall be approved by HED. During the Project, the Developer shall, upon the request of the monitoring staff of HED, such interim reports as the monitoring staff may require. Failure to submit such documentation on a timely basis, or a determination by HED, upon analysis of the documentation, that the Developer is not complying with its obligations hereunder shall, upon the delivery of written notice to the Developer, be deemed an Event of Default hereunder.

H. Books and Records. The Developer, the general contractor and each subcontractor shall keep and maintain books and records that fully disclose the total actual cost of the Project and the disposition of all funds from whatever source allocated thereto and as otherwise necessary to evidence the Developer's compliance with its obligations under this Agreement, including, but not limited to, payroll records, general contractor's and subcontractors' sworn statements, general contracts, subcontracts, purchase orders, waivers of lien, paid receipts and invoices and the like. Such books and records shall be available at the applicable party's offices for inspection, copying, audit and examination by an authorized representative of the City, at the Developer's expense.

I. Incorporation in Other Contracts The general contract and each subcontract shall include a rider incorporating Paragraphs C, D, E(5) and H of this Exhibit D and the insurance requirements in Exhibit L. The general contract shall also incorporate in such rider Paragraphs F and G of this Exhibit D.

EXHIBIT E-1

Project Budget

Hard Costs

Base Building Construction

Demolition/Excavation Tenant Improvements Vibro Replacement
Columns

Site Concrete Utilities Exterior Utility Retaining Walls Architectural and

Engineering
Environmental/Geo
Technical Permits Detention Survey Geogrid
Project Management MBE/WBE Consulting Misc. Repairs and
Improvements
Environmental Site
Assessment

Total Hard Costs

Amount

\$3,927,168
\$429,981 \$900,000
\$983,565 \$725,262 \$474,382 \$404,760 \$209,704
\$173,187
\$55,000 \$54,890 \$45,656 \$24,372 \$23,303 \$15,000 \$6,425
\$5,000
\$2,100
\$8,459,755

Soft Costs

Financing Costs Leasing Commissions Legal
Development Fees Operating Reserve Construction Management Fee Accounting Project
Management TIF Consultant Title

Amount

\$1,484,438 \$446,000 \$148,250 \$146,667 \$145,000
\$68,618 \$38,075 \$15,000 \$15,000 \$11,986

Administrative
Marketing
Builders Risk Insurance Total Soft Costs

Land Acquisition Total

\$10,041 \$45,000
\$6,638

\$2,580,713

\$1

\$11,040,469

EXHIBIT E-2 MBE/WBE Project Budget

Hard Costs of Construction Soft Costs/Fees MBE/WBE Project Budget

MBE Total at 24% WBE Total at 4%

\$ 6,556,623

\$ 83,618

\$ 6,640,241

\$ 1,593,658

\$ 265,610

EXHIBIT F

Permitted Liens

1. Liens or encumbrances against the Property:

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

2. Liens or encumbrances against the Developer or the Project, other than liens against the

Property, if any: [To be completed by Developer's counsel, subject to City approval.]

EXHIBIT G Approved Prior Expenditures

None.

EXHIBIT H Requisition Form

State of Illinois)

) SS

COUNTY OF COOK)

The affiant, Halsted Pershing Morgan, LLC of _____, a _____ limited liability company (the "Developer"), hereby certifies that with respect to that certain Halsted Pershing Morgan, LLC Redevelopment Agreement between the Developer and the City of Chicago dated _____, 2012 (the "Agreement"):

A. Expenditures (final cost) for the Project, in the total amount of

A. \$ _____, have been made:

B. This paragraph B sets forth and is a true and complete statement of all costs of TIF-Funded Improvements for the Project reimbursed by the City to date:

\$

C. The Developer requests reimbursement for the following cost of TIF-Funded Improvements:

\$:

D. None of the costs referenced in paragraph C above have been previously reimbursed by the City.

E. The Developer hereby certifies to the City that, as of the date hereof:

1. Except as described in the attached certificate, the representations and warranties contained in the Redevelopment Agreement are true and correct and the Developer is in compliance with all applicable covenants contained herein.

2. 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.

3. The number of FTEs currently employed at the Property is

4. The Developer has maintained its operations within the City of Chicago and is operating the Property for the same use and at substantially the same capacity as described in the Developer's TIF application and/or the Redevelopment Agreement.

5. The financial statements for the Developer's most recently-concluded fiscal year are attached to this Requisition Form.

F. Attached hereto is a copy of the final approval of the Monitoring and Compliance Division of the Department of Housing with respect to MBE/WBE, CityResident hiring and prevailing wage matters. [ATTACH WITH FIRST REQUISITION FORM ONLY]

G. Attached hereto are copies of the front and back of the building permit for the work covered by the Project, and/or, if applicable, the certificate of occupancy for the Project. [ATTACH WITH FIRST REQUISITION FORM ONLY]

H. Attached hereto is a copy of the inspecting architects confirmation of construction completion. [ATTACH WITH THE FIRST REQUISITION FORM ONLY, IF REQUESTED BY HED.]

All capitalized terms which are not defined herein has the meanings given such terms in the Agreement.

Halsted Pershing Morgan, LLC

By:
Name
Title:

Subscribed and sworn before me this day of

My commission expires: Agreed and

accepted:

Name
Title:
City of Chicago
Department of Housing and Economic Development

EXHIBIT I TIF-Funded Improvements

Property assembly costs including acquisition, demolition, site \$ 2,451,268 preparation, site improvements, and engineered barriers.

TOTAL \$2,451,268*

*Notwithstanding the total of TIF-Funded Improvements or the amount of TIF-eligible costs, the assistance to be provided by the City is limited to the amount described in Section 4.03 and shall not exceed \$917,000.

EXHIBIT J Form of Subordination Agreement

This document prepared by and after recording return to:
Charles E. Rogers, Jr., Esq.
Assistant Corporation Counsel
Department of Law
121 North LaSalle Street, Room 600
Chicago, IL 60602

SUBORDINATION AGREEMENT

This Subordination Agreement ("Agreement") is made and entered into as of the
day of , between the City of Chicago by and through its Department of
Housing and Economic Development (the "City"), [Name Lender], a [national banking association]

(the "Lender").

WITNESSETH:

WHEREAS, [INSERT RECITAL B FROM AGREEMENT];

WHEREAS, [INSERT BANK NAME] ("Lender") and [INSERT BORROWER NAME] (the "Borrower"), have entered into a certain Loan Agreement dated as of _____ pursuant to which the Lender has agreed to make a loan to the Borrower in an amount not to exceed _____ (the "Loan"), which Loan is evidenced by a Mortgage Note and executed by the Borrower in favor of the Lender (the "Note"), and the repayment of the Loan is secured by, among other things, certain liens and encumbrances on the Property and other property of the Borrower pursuant to the following: (i) Mortgage dated _____ and recorded _____ as document number _____ made by the Borrower to the Lender; and (ii) Assignment of Leases and Rents dated _____ and recorded _____ as document number _____ made by the Borrower to the Lender (all such agreements referred to above and otherwise relating to the Loan referred to herein collectively as the "Loan Documents");

WHEREAS, the Developer desires to enter into a certain Redevelopment Agreement dated the date hereof with the City in order to obtain additional financing for the Project (the "Redevelopment Agreement," referred to herein along with various other agreements and documents related thereto as the "City Agreements")

WHEREAS, pursuant to the Redevelopment Agreement, the Developer will agree to be bound by certain covenants expressly running with the Property, as set forth in Sections

[IDENTIFY SECTIONS ENUMERATED IN SECTION 7.2 OF THE REDEVELOPMENT AGREEMENT] of the Redevelopment Agreement (the "City Encumbrances");

WHEREAS, the City has agreed to enter into the Redevelopment Agreement with the Developer as of the date hereof, subject, among other things, to (a) the execution by the Developer of the Redevelopment Agreement and the recording thereof as an encumbrance against the Property; and (b) the agreement by the Lender to subordinate their respective liens under the Loan Documents to the City Encumbrances; and

NOW, THEREFORE, for good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Lender and the City agree as hereinafter set forth:

1. Subordination. All rights, interests and claims of the Lender in the Property pursuant to the Loan Documents are and shall be subject and subordinate to the City Encumbrances. In all other respects, the Redevelopment Agreement shall be subject and subordinate to the Loan Documents. Nothing herein, however, shall be deemed to limit the Lender's right to receive, and the Developer's ability to make, payments and prepayments of principal and interest on the Note, or to exercise its rights pursuant to the Loan Documents except as provided herein.

2. Notice of Default. The Lender shall use reasonable efforts to give to the City, and the City shall use reasonable efforts to give to the Lender, (a) copies of any notices of default which it may give to the Developer with respect to the Project pursuant to the Loan Documents or the City Agreements, respectively, and (b) copies of waivers, if any, of the Developer's default in connection therewith. Under no circumstances

shall the Developer or any third party be entitled to rely upon the agreement provided for herein.

3. Waivers. No waiver shall be deemed to be made by the City or the Lender of any of their respective rights hereunder, unless the same shall be in writing, and each waiver, if any, shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of the City or the Lender in any other respect at any other time.

4. Governing Law; Binding Effect This Agreement shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with the internal laws and decisions of the State of Illinois, without regard to its conflict of laws principles, and shall be binding upon and inure to the benefit of the respective successors and assigns of the City and the Lender.

5. Section Titles; Plurals. The section titles contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto. The singular form of any word used in this Agreement shall include the plural form.

6. Notices. Any notice required hereunder shall be in writing and addressed to the party to be notified as follows:

If to the City: City of Chicago Department of Housing and Economic
Development
121 North LaSalle Street, Room 1000 Chicago,
Illinois 60602 Attention: Commissioner

With a copy to: City of Chicago Department of Law
121 North LaSalle Street, Room 600 Chicago,
Illinois 60602
Attention: Finance and Economic Development Division

If to the Lender:

Attention:

With a copy to:

Attention:

or to such other address as either party may designate for itself by notice. Notice shall be deemed to have been duly given (i) if delivered personally or otherwise actually received, (ii) if sent by overnight delivery service, (iii) if mailed by first class United States mail, postage prepaid, registered or certified, with return receipt requested, or (iv) if sent by facsimile with facsimile confirmation of receipt (with duplicate notice sent by

United States mail as provided above). Notice mailed as provided in clause (iii) above shall be effective upon the expiration of three (3) business days after its deposit in the United States mail. Notice given in any other manner described in this paragraph shall be effective upon receipt by the addressee thereof; provided, however, that if any notice is tendered to an addressee and delivery thereof is refused by such addressee, such notice shall be effective upon such tender.

7. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one instrument.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, this Subordination Agreement has been signed as of the date first written above.

[LENDER], [a national banking association] By:
Its:

CITY OF CHICAGO

Andrew J. Mooney Commissioner, Department of Housing and Economic Development

By Its

ACKNOWLEDGED AND AGREED TO THIS

DAY OF

[Developer], a

By: Its:

STATE OF ILLINOIS) COUNTY OF COOK

) SS
)

I, the undersigned, a notary public in and for the County and State aforesaid, DO
HEREBY CERTIFY THAT _____, personally known to me to be the
Commissioner of the Department of Housing and Economic Development of the City of Chicago, Illinois (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 as such Commissioner, she signed
and delivered the said instrument pursuant to authority given to her, as her free and voluntary act, and as the
free and voluntary act and deed of said City, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this _____ day of _____

Notary Public

(SEAL)

STATE OF ILLINOIS) COUNTY OF COOK

) SS)

I, _____, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY THAT _____, personally known to me to be the _____ of [Lender], a _____, 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 Lencfcr, as his/her free and voluntary act and as the free and voluntary act of the Lender, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this _____ day of _____

Notary Public

My Commission Expires _____

(SEAL)

EXHIBIT A - LEGAL DESCRIPTION

EXHIBIT K

Opinion of Developer's Counsel

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

City of Chicago
121 North LaSalle Street
Chicago, IL 60602

ATTENTION: Corporation Counsel

Ladies and Gentlemen:

We have acted as counsel to Halsted Pershing Morgan, LLC, a

Delaware (the "Developer"), in connection with the purchase of certain land and the construction of certain facilities thereon located in the 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) Halsted Pershing Morgan, LLC Redevelopment Agreement (the "Agreement") of even date herewith, executed by the Developer and the City of Chicago (the "City");
- [(b) the Escrow Agreement of even date herewith executed by the Developer and the City;]
- c) [insert other documents including but not limited to documents related to purchase and financing of the Property and all lender financing related to the Project]; and
- d) 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 the Developer's (i) Articles of Incorporation, as amended to date, (ii) qualifications to do business and certificates of good standing in all states in which the Developer is qualified to do business, (iii) By Laws, as amended to date, and (iv) records of all corporate proceedings relating to the Project [revise if the Developer is not a corporation]; 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 the 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. The Developer is a corporation duly organized, validly existing and in good standing under the laws of its state of [incorporation] [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 [corporation] [entity] 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. The 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, the Developer's [Articles of Incorporation or By-Laws] [describe any formation documents if the Developer is not a corporation] 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 the Developer is a party or by which the Developer or its properties is bound. To the best of our knowledge after diligent inquiry, such

execution, delivery and performance will not constitute ground; for acceleration of the maturity of any agreement, indenture, undertaking or other instrument to which the 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 liens or security interests in favor of the lender providing Lender Financing (as defined in the Agreement).

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 the Developer.

4. Each of the Documents to which the Developer is a party has been duly executed and delivered by a duly authorized officer of the Developer, and each such Document constitutes the legal, valid and binding obligation of the 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 each class of capital stock of the Developer, (b) sets forth the number of issued and authorized shares of each such class, and (c) identifies the record owners of shares of each class of capital stock of the Developer and the number of shares held of record by each such holder. 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 capital stock of the Developer. Each outstanding share of the capital stock of the 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 the Developer, nor is there now pending or threatened, any litigation, contested claim or governmental proceeding by or against the Developer or affecting the Developer or its property, or seeking to restrain or enjoin the performance by the 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, the Developer is not in default with respect to any order, writ, injunction or decree of any court, government or regulatory authority or in default in any respect under any law, order, regulation or demand of any governmental agency or instrumentality, a default under which would have a material adverse effect on the Developer or its business.

7. To the best of our knowledge after diligent inquiry, there is no default by the Developer or any other party under any material contract, lease, agreement, instrument or commitment to which the 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 the 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 the 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, the 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 and the laws of the State of Illinois.

This opinion is issued at the 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:

EXHIBIT L

Insurance Requirements

A. Developer

The Developer must provide and maintain at Developer's own expense during the term of the Agreement the insurance coverage and requirements specified below, insuring all operations related to the Agreement.

1) Workers Compensation and Employers Liability - Mandatory Coverage

Workers Compensation 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.

2) Commercial General Liability (Primary and Umbrella) - Mandatory Coverage

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, separation of insureds, defense, and contractual liability (with no limitation endorsement). The City of Chicago is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from the work.

3) All Risk Property - Mandatory Coverage

All Risk Property Insurance, including improvements and betterments in the amount of full replacement

value of the Property. The City of Chicago is to be named an additional insured on a primary, non-contributory basis during the term of the Agreement.

B. Developer or Contractor

The Developer must provide and maintain, or caused to be provided by Contractor, the following insurance during the Construction phase of the Project work:

1) Workers Compensation and Employers Liability - Mandatory Coverage

Same as (1) above, but with coverage limits of not less than \$500,000 each accident or illness.

2) Commercial General Liability (Primary and Umbrella)- Mandatory Coverage

Same as (2) above.

Automobile Liability (Primary and Umbrella) - Mandatory Coverage

When any motor vehicles (owned, non-owned and hired) are used in connection with work to be performed, the Contractor must provide Automobile Liability Insurance with limits of not less than \$1,000,000 per occurrence for bodily injury and property damage. The City of Chicago is to be named as an additional insured on a primary, non contributory basis.

Railroad Protective Liability - Specialized Coverage, As Applicable

When any work is to be done adjacent to or on railroad or transit property, Contractor must provide, with respect to the operations Contractor or subcontractors perform, Railroad Protective Liability Insurance in the name of railroad or transit entity. The policy must have limits of not less than \$2,000,000 per occurrence and \$6,000,000 in the aggregate for losses arising out of injuries to or death of all persons, and for damage to or destruction of property, including the loss of use thereof.

Builders Risk - Mandatory Coverage

When Developer undertakes any construction, including improvements, betterments, and/or repairs, the Developer must provide or cause to be provided, All Risk Builders Risk Insurance at replacement cost for material, supplies, equipment, machinery and fixtures that are or will be part of the permanent facility or project. The City of Chicago is to be named as an additional insured and loss payee.

Professional Liability - Mandatory Coverage

When any architects, engineers, or other professional consultants perform work in connection with this Agreement, Professional Liability Insurance covering acts, errors, or omissions must be maintained with limits of not less than \$1,000,000. Coverage must include contractual liability. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of work on the Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years.

Valuable Papers - Mandatory Coverage

When any plans, designs, drawings, specifications and documents are produced or used under this Agreement, Valuable Papers Insurance must be maintained in an amount to insure against any loss

whatsoever, and must have limits sufficient to pay for the recreation and reconstruction of such records.

Contractors Pollution Liability - Specialized Coverage, As Applicable

When any work is performed which may cause a pollution exposure, Contractors Pollution Liability must be provided covering bodily injury, property damage and other losses caused by pollution conditions that arise from the Agreement scope of services with limits of not less than \$1,000,000 per occurrence. When policies are renewed or replaced, the policy retroactive date must coincide with or precede, start of work on the Agreement. A claims-made policy which is not renewed or replaced must have an

extended reporting period of one (1) year. The City of Chicago is to be named as an additional insured.

C. ADDITIONAL REQUIREMENTS

The Developer must furnish the City of Chicago, Department of Housing and Economic Development, City Hall, Room 1000, 121 North LaSalle Street 60602, original Certificates of Insurance, or such similar evidence, to be in force on the date of this Agreement, and Renewal Certificates of Insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term of this Agreement. The 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 is not a waiver by the City of any requirements for the Developer to obtain and maintain the specified coverages. The Developer must advise all insurers of the Agreement provisions regarding insurance. Non-conforming insurance does 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 stop work until proper evidence of insurance is provided, or the Agreement may be terminated.

The insurance must provide for 60 days prior written notice to be given to the City in the event coverage is substantially changed, canceled, or non-renewed.

Any and all deductibles or self-insured retentions on referenced insurance coverages must be borne by Developer.

The Developer agrees that insurers waive their rights of subrogation against the City of Chicago, its employees, elected officials, agents, or representatives.

The Developer expressly understands and agrees that any coverages and limits furnished by the Developer must in no way limit the Developers liabilities and responsibilities specified within the Agreement documents by law.

Any insurance or self insurance programs maintained by the City of Chicago do not contribute with insurance provided by the Developer under the Agreement.

The required insurance must not be limited by any limitations expressed in the indemnification language herein or any limitation placed on the indemnity in this Agreement given as a matter of law.

The Developer must require the Contractor to provide the insurance required hereirj or Developer may provide the coverages for the Contractor. All Contractors are subject to the same insurance requirements of Developer unless otherwise specified in this Agreement.

If the Developer, or any Contractor desires additional coverages, the party desiring the additional coverages is responsible for the acquisition and cost.

The City of Chicago Risk Management Department maintains the right to modify, delete, alter or change these requirements.

OFFICE OF THE MAYOR

CITY OF CHICAGO

RAHM EMANUEL

October 3, 2012

TO THE HONORABLE, THE CITY COUNCIL OF THE CITY
OF CHICAGO

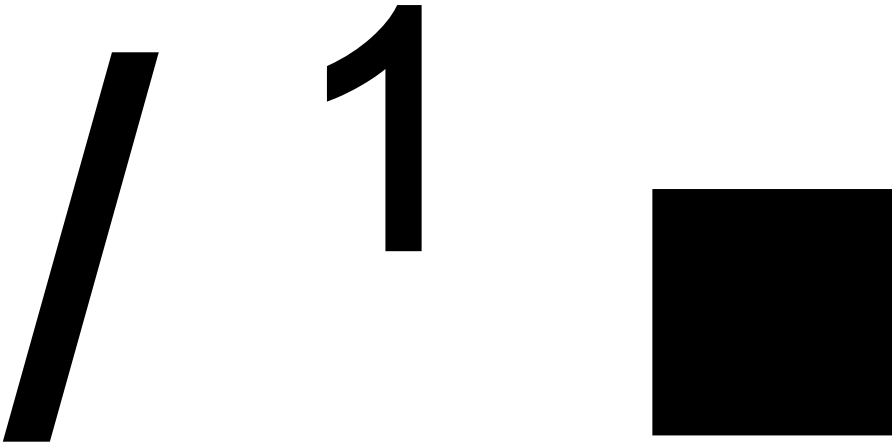
Ladies and Gentlemen:

At the request of the Commissioner of Housing and Economic Development, I transmit herewith an ordinance authorizing the execution of a redevelopment agreement for Halsted Pershing Morgan.

Your favorable consideration of this ordinance will be appreciated.

Mayor

Very truly yours,



CHICAGO October 31, 2012

To the President and Members of the City Council:

Your Committee on Finance having had under consideration

An ordinance authorizing the Commissioner of the Department of Housing and Economic Development to enter into and execute a Redevelopment Agreement with Halsted Pershing Morgan, LLC.

02012-6589

Having had the same under advisement, begs leave to report and recommend that your Honorable Body pass the proposed Ordinance Transmitted Herewith

**This recommendation was concurred in by
of members of the committee with**

(signed)~L_

Respectfully submitted

Chairman

Document No.

REPORT OF THE COMMITTEE ON FINANCE TO THE CITY COUNCIL CITY OF CHICAGO
>