



# Office of the City Clerk

City Hall  
121 N. LaSalle St.  
Room 107  
Chicago, IL 60602  
www.chicityclerk.com

## Legislation Text

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OFFICE OF THE MAYOR  
CITY OF CHICAGO

RAHM EMANUEL  
MAYOR

November 30, 2016

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

Ladies and Gentlemen:

I transmit herewith seven ordinances regarding the Red and Purple Modernization (RPM) Program.

Your favorable consideration of these ordinances will be appreciated.

Mayor

Very truly yours,

### **ORDINANCE**

WHEREAS, pursuant to an ordinance adopted by the City Council ("City Council") of the City of Chicago (the "City") on November 30, 2016, a certain redevelopment plan and project (the "Plan") for the Red and Purple Modernization (RPM) Phase One Project 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

WHEREAS, pursuant to an ordinance adopted by the City Council on November 30, 2016, the Area was designated as a redevelopment project area pursuant to the Act; and

WHEREAS, the Area is within a transit facility improvement area designated by the City by an

ordinance adopted by the City Council on November 30, 2016; and

WHEREAS, pursuant to an ordinance (the "TIF Ordinance") adopted by the City Council on November 30, 2016, 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, such redevelopment project costs will include costs for developing new transit facilities and expanding or rehabilitating existing transit facilities;

WHEREAS, the Chicago Transit Authority (the "CTA") is an Illinois municipal corporation, which owns and controls, and is authorized to construct and develop, transit facilities; and

WHEREAS, the CTA desires to implement the Red and Purple Modernization (RPM) Phase One Project, which will include new, expanded, and rehabilitated transit facilities that serve the CTA's Red Line, Purple Line, and Brown Line services, including without limitation (i) modernization and expansion of the Lawrence, Argyle, Berwyn, and Bryn Mawr transit stations and reconstruction and expansion of tracks, structures and viaducts, to accommodate expanded stations and platforms from Leland Avenue on the south to near Ardmore Avenue on the north; (ii) construction of a bypass (flyover) for the CTA's Brown Line service at Clark junction, just north of the CTA's Belmont station and reconstruction and modernization of tracks, structures and viaducts, to straighten curves and improve operating speeds, and (iii) upgrades of the Broadway power substation and installation of a new higher-capacity signal system from approximately Belmont Avenue to Howard Street (the "Project"); and

WHEREAS, the CTA proposes to undertake the Project in accordance with the Plan and pursuant to the terms and conditions of the Redevelopment Agreement (as defined herein) to be executed by the CTA and the City, including but not limited to the completion of the Project; and

WHEREAS, the CTA desires to obtain partial financing for the Project through Incremental Taxes (as defined in the Redevelopment Agreement), if any, generated through tax increment allocation financing pursuant to the Act, the Plan, and the Redevelopment Agreement (defined herein); and

WHEREAS, CTA is also seeking financing from the Non-Local Funding Sources (as defined in the Redevelopment Agreement);

WHEREAS, the City and the CTA share a unique and special relationship arising from (i) their shared status as municipal corporations with powers to promote the health, benefit, and welfare of the City's residents, (ii) CTA's unique statutory charge to develop and maintain, as a municipal corporation, public transit facilities for the benefit of the residents of the City, and (iii) the CTA's status as a municipal corporation that is governed by a body that includes a majority of members appointed by the Mayor of the City (with the advice and consent of the City Council and the Governor of the State); and

WHEREAS, based upon, and in reliance upon, the unique and special relationship between the City and the CTA, the City desires to enter into the Redevelopment Agreement with the CTA (and with no other person or entity), and provide Incremental Taxes to the CTA (and to no other person or entity) as provided in the Redevelopment Agreement, to promote the development and maintenance of public transit facilities that are owned and controlled by a municipal corporation; and

WHEREAS, the City is authorized to enter into the Redevelopment Agreement pursuant to the Act and pursuant to Article VII, Section 10 of the Illinois Constitution of 1970 and the Intergovernmental Cooperation Act, 5 ILCS 220/1 et seq.; 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 CTA 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 the City's Department of Planning and Development (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) a redevelopment and intergovernmental agreement between the CTA and the City in substantially the form attached hereto as Exhibit A and made a part hereof (the "Redevelopment Agreement") and (b) 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. Notes of the City in an aggregate principal amount up to \$622,000,000 shall be issued, as provided in the Redevelopment Agreement, for the payment of a portion of the eligible "redevelopment project costs" (as such term is defined under the Act) included within the Project (such costs shall be known herein and in the Redevelopment Agreement as "TIF-Funded Improvement Costs") (each, a "City Note"). Each City Note shall be designated as follows: "Tax Increment Allocation Revenue Note (Chicago Transit Authority Red and Purple Modernization Phase One Redevelopment Project), Taxable Series \_\_\_\_\_" and shall be substantially in the form attached to the Redevelopment Agreement as Exhibit J, and made a part hereof, with such additions or modifications as shall be determined to be necessary by the

Chief Financial Officer of the City or her designee (each, an "Authorized Officer"), at the time of issuance to reflect the purpose of the issue. Each City Note shall be dated the date of delivery thereof, and shall also bear the date of authentication, shall be in fully registered form, shall be in the denomination of the outstanding principal amount thereof and shall become due and payable as provided therein. The proceeds of each City Note are hereby appropriated for the purposes set forth in this Section 4.

Each City Note shall mature as described in the Redevelopment Agreement, and shall bear interest as described in the Redevelopment Agreement until the principal amount of such City Note is paid or until maturity, with the exact rate to be determined by the Authorized Officer.

The principal of and interest on each City Note shall be paid by check, draft or wire transfer of funds by the Authorized Officer of the City, as registrar and paying agent (the "Registrar"), payable in lawful money of the United States of America to the persons in whose names such City Note is registered at the close of business on the payment date, in any event no later than at the close of business on the 15th day of the month immediately after the applicable payment date; provided, that the final installment of the principal and accrued but unpaid interest of such City Note shall be payable in lawful money of the United States of America at the

principal office of the Registrar or as otherwise directed by the City on or before the maturity date.

The seal of the City shall be affixed to or a facsimile thereof printed on each City Note, and each City Note shall be signed by the manual or facsimile signature of the Mayor of the City and attested by the manual or facsimile signature of the City Clerk or any Deputy Clerk of the City, and in case any officer whose signature shall appear on such City Note shall cease to be such officer before the delivery of such City Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

Each City Note shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Registrar, as authenticating agent of the City for such City Note, and showing the date of authentication. Each City Note shall not be valid or obligatory for any purpose or be entitled to any security or benefit under this ordinance unless and until such certificate of authentication shall have been duly executed by the Registrar by manual signature, and such certificate of authentication upon such City Note shall be conclusive evidence that such City Note has been authenticated and delivered under this Ordinance.

SECTION 5. The City shall cause books (the "Register") for the registration and for the transfer of the City Notes (to the extent such transfer is permitted under the Redevelopment Agreement) as provided in this ordinance to be kept at the principal office of the Registrar. The City is authorized to prepare, and the Registrar shall keep custody of, multiple City Note blanks executed by the City for use in the transfer, if any, of the City Notes.

Upon surrender for a transfer of a City Note authorized under the Redevelopment Agreement at the principal office of the Registrar, duly endorsed by, or accompanied by (i) a written instrument or instruments of transfer in form satisfactory to the Registrar, (ii) an investment representation in form satisfactory to the City and duly executed by the registered owner or his attorney duly authorized in writing, (iii) the written consent of the City evidenced by the signature of the Authorized Officer and the Commissioner on the instrument of transfer, and (iv) any deliveries required under the Redevelopment Agreement, the City shall execute and the

Registrar shall authenticate, date and deliver in the name of any such authorized transferee or transferees a new fully registered City Note of the same maturity, of authorized denomination, for the authorized principal amount of such City Note less previous retirements. The execution by the City of a fully registered City Note shall constitute full and due authorization of such City Note and the Registrar shall thereby be authorized to authenticate, date and deliver such City Note. The Registrar shall not be required to transfer or exchange a City Note during the period beginning at the close of business on the fifteenth day of the month immediately prior to the maturity date of such City Note nor to transfer or exchange a City Note after notice calling such City Note for prepayment has been made, nor during a period of five (5) business days next preceding mailing of a notice of prepayment of principal of a City Note. No beneficial interests in a City Note shall be assigned, except in accordance with the procedures for transferring the City Note described above.

The person in whose name a City Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of such City Note shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such City Note to the extent of the sum or sums so paid.

No service charge shall be made for any transfer of a City Note, but the City or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in

connection with any transfer of such City Note.

SECTION 6. Subject to the limitations set forth herein, the Authorized Officer is authorized to determine the terms of a City Note and to issue a City Note on such terms as the Authorized Officer may deem to be in the best interest of the City. The principal of a City Note shall be subject to prepayment as provided in the form of City Note attached to the Redevelopment Agreement as Exhibit J. As directed by the Authorized Officer, the Registrar shall proceed with prepayment without further notice or direction from the City.

SECTION 7. Each City Note hereby authorized shall be executed as provided in this ordinance and the Redevelopment Agreement and thereupon said City Note shall be deposited with the Commissioner, and delivered by the Commissioner to the CTA.

SECTION 8. Pursuant to the TIF Ordinance and the Act, the City has created or will create the TIF Fund (as defined in the Redevelopment Agreement). The Authorized Officer is hereby directed to maintain the TIF Fund as a segregated interest-bearing account, separate and apart from the City's General Fund or any other fund of the City, with a bank that is insured by the Federal Deposit Insurance Corporation or its successor. Pursuant to the TIF Ordinance, all Incremental Taxes received by the City for the Area are to be deposited into the TIF Fund.

There is hereby created within the TIF Fund a special sub-account to be known as the "RPM Phase One Redevelopment Project Account" (the "Project Account"). The City shall designate and deposit into the Project Account the Available Incremental Taxes (as defined in the Redevelopment Agreement). The City hereby assigns, pledges and dedicates the Project Account, together with all amounts on deposit therein, to the payment of the principal of and interest, if any, on the City Notes when due under the terms of the Redevelopment Agreement and in accordance with the debt service schedules attached to each City Note. Upon deposit, the moneys on deposit in the Project Account may be invested as hereinafter provided. Interest

and income on any such investment shall be deposited in the Project Account. All moneys on deposit in the Project Account shall be, used to pay the principal of and interest on the City Notes, at maturity or upon payment or redemption prior to maturity, in accordance with the terms of the City Notes, which payments from the Project Account are hereby authorized and appropriated by the City. Upon payment of all amounts due under the City Notes, that have been issued and that are to be issued, and the Redevelopment Agreement in accordance with their terms, the amounts on deposit in the Project Account, as applicable, shall be deposited in the City's General Fund and the Project Account shall be closed.

Notwithstanding any of the foregoing, payments on the City Notes will be subject to the availability of Available Incremental Taxes in the Project Account.

SECTION 9. Each City Note is a special limited obligation of the City, payable solely from Available Incremental Taxes, and shall be a valid claim of the registered owner thereof only against Available Incremental Taxes. Each City Note shall not be deemed to constitute an indebtedness or a loan against the general taxing powers or credit of the City, within the meaning of any constitutional or statutory provision. The registered owner of each City Note shall not have the right to compel any exercise of the taxing power of the City, the State of Illinois or any political subdivision thereof to pay the principal of or interest on such City Note.

SECTION 10. Moneys on deposit in the TIF Fund or the Project Account, as the case may be, may be invested as allowed under Section 2-32-520 of the Municipal Code of the City of Chicago (the "Municipal

Code"). Such investments shall mature on dates prior to the dates on which said amounts are needed to pay the principal of or interest on the City Notes.

SECTION 11. Pursuant to the Redevelopment Agreement, the CTA shall complete the Project. The eligible redevelopment project costs of the Project constituting TIF-Funded Improvement Costs up to the principal amount of \$622,000,000, when evidenced by Certificates of Expenditure, shall be deemed to be a disbursement of the proceeds of the City Notes. Upon issuance, the City Notes shall have in the aggregate an initial principal balance equal to the CTA's prior expenditures of TIF-Funded Improvement Costs up to a maximum amount of \$622,000,000, as evidenced by Certificates of Expenditures delivered in accordance with the Redevelopment Agreement, and subject to the reductions described in the Redevelopment Agreement. After issuance, the principal amount outstanding under a City Note shall be the initial principal balance of such City Note, minus any principal amount paid on the City Note and other reductions in principal as provided in the Redevelopment Agreement.

SECTION 12. The Mayor, the Authorized Officer, the City Clerk or any Deputy Clerk, the Commissioner (or his or her designee), and the other officers of the City are authorized to execute and deliver on behalf of the City such other documents, agreements and certificates and to do such other things consistent with the terms of this Ordinance as such officers and employees shall deem necessary or appropriate in order to effectuate the intent and purposes of this Ordinance.

SECTION 13. The Registrar shall maintain a list of the names and addresses of the registered owners from time to time of the City Notes and upon any transfer shall add the names and addresses of the new registered owners and eliminate the names and addresses of the transferor.

## EXHIBIT A

REDEVELOPMENT AGREEMENT (attached)  
[leave blank 3" x 5" space for recorder's office]

This agreement was prepared by and  
after recording return to:  
Scott D. Fehlan, Esq.  
City of Chicago Department of Law  
121 North LaSalle Street, Room 600  
Chicago, IL 60602

## CHICAGO TRANSIT AUTHORITY RED AND PURPLE MODERNIZATION

PHASE ONE PROJECT REDEVELOPMENT AND INTERGOVERNMENTAL  
AGREEMENT

This Redevelopment and Intergovernmental Agreement (this "Agreement") is made as of this 30<sup>th</sup> day of November, 2016, by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Planning and Development ("DPD"), and Chicago Transit Authority, an Illinois municipal corporation (the "CTA").

RECITALS

A. Constitutional Authority: As a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois (the "State"), the City has the power to regulate for the protection of the public health, safety, morals and welfare of its inhabitants, and pursuant thereto, has the power to encourage development in order to enhance the local tax base, create employment opportunities and to enter into contractual agreements with parties in order to achieve these goals. In addition, under Section 10, Article VII of the 1970 Constitution of the State, units of local government, such as the City and CTA, may contract or otherwise associate among themselves, to exercise, combine, or transfer any power or function, in any manner not prohibited by law or by ordinance.

B. Statutory Authority: The City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended from time to time (the "Act"), to finance certain transit facilities through the use of tax increment allocation financing. In addition, the City and the CTA are authorized, under the provisions of the Intergovernmental Cooperation Act, 5 ILCS 220/1 et seq., as public agencies of the State, to exercise, combine, transfer, and enjoy jointly with each other their respective powers, privileges, functions, and authority, except where specifically and expressly prohibited by law.

C. City Council Authority: To induce redevelopment pursuant to the Act, the City Council of the City (the "City Council") adopted the following ordinances on November 30, 2016: (1) "An

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Ordinance of the City of Chicago, Illinois Designating a Transit Facility Improvement Area for the Red and Purple Modernization (RPM) Phase One Project"; (2) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the Red and Purple Modernization (RPM) Phase One Project Redevelopment Project Area" (the "Plan Adoption Ordinance"); (3) "An Ordinance of the City of Chicago, Illinois Designating the Red and Purple Modernization (RPM) Phase One Project Redevelopment Project Area as a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act" (the "Redevelopment Area Designation Ordinance"); and (4) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the Red and Purple Modernization (RPM) Phase One Project Redevelopment Project Area" (the "TIF Adoption Ordinance")(items(1)-(4), together with the ordinance approving this Agreement, collectively referred to herein as the "TIF Ordinances").

D. Project: CTA owns and operates public transportation rail lines, two of which are commonly known as the "Red Line" and the "Purple Line." The CTA desires to implement the following transportation improvements for the Red Line and the Purple Line as part of its "Red and Purple Modernization Program Phase One Project" (collectively, the "Project"): (a) modernization, expansion and addition of Americans with Disabilities Act ("ADA") accessibility at four Red Line stations (Lawrence, Argyle, Berwyn, and Bryn Mawr), (b) reconstruction and expansion of tracks, structures and viaducts to accommodate expanded stations and platforms from Leland Avenue on the south to near Ardmore Avenue on the north; (c) construction of a fifth track bypass for the CTA's rail line known as the "Brown Line" at the Clark junction, just north of Belmont station, (d) reconstruction and modernization of tracks, structures and viaducts to straighten curves and improve operating speeds from approximately School Street to near Cornelia Street, (e) upgrades of the

Broadway power substation; (f) installation of a new higher-capacity signal system from approximately Belmont Avenue to Howard Street; (g) all associated systems infrastructure replacement, such as communication and traction power; and (h) acquisition of certain Property (as defined in Section 2), whether before or after the Execution Date (as defined in Section 2) that is necessary or desirable for the construction and operation of aspects of the Project described in (a) through (g) above (the "Acquisition"). The Project is described in more detail in this Agreement and in the Redevelopment Plan (defined in Section 1.F. below) and will be located on Property legally described on Exhibit B hereto. The scope set forth in the Full Funding Grant Agreement (as defined in Section 2) may include additional detail about the Project; provided that material changes to the Project may only be made by written agreement between the City and CTA pursuant to Sections 3.04 and 18.01 below.

E. Redevelopment Area and Existing Redevelopment Areas: The redevelopment project area designated by the Redevelopment Area Designation Ordinance (the "Redevelopment Area") is legally described in Appendix 1 to the Redevelopment Plan (as defined below). The CTA will perform the Project within the Redevelopment Area and the Existing Redevelopment Areas (as defined in Section 2).

F. Redevelopment Plan: The Project will be carried out in accordance with this Agreement and the City of Chicago Red and Purple Modernization Phase One Project Redevelopment Project Area Tax Increment Financing Redevelopment Plan and Project (the "Redevelopment Plan") included in the Plan Adoption Ordinance and published in the Journal of the Proceedings of the City Council.

G. Other Financing: CTA intends to finance the Project with Other Financing, including but not limited to CTA Debt, Grant Financing, CTA Bond Financing, and Existing IGA Financing (as such terms are defined in Section 2).

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H. City Financing: The purpose of this Agreement is to reimburse CTA for the costs of certain TIF-Funded Improvements through Available Incremental Taxes (as defined below), but not to exceed (a) the amount necessary for the CTA to repay the CTA Debt plus (b) the amount of Pay-As-You-Go Funds, if any, all as set forth in this Agreement, including without limitation Section 4.03 hereof and the City Note, and in any event not to exceed the maximum principal amount of \$622,000,000 (plus interest thereon at the City Note Interest Rate defined in Section 2) plus the CTA Closing Costs (as defined in Section 2).

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, HEADINGS AND EXHIBITS

The foregoing recitals are hereby incorporated into this Agreement by reference. The paragraph and section headings contained in this Agreement, including without limitation those set forth in the following table of contents, are for convenience only and are not intended to limit, vary, define or expand the content thereof. CTA agrees to comply with the requirements set forth in the following exhibits which are attached to and made a part of this Agreement. All provisions listed in the Exhibits have the same force and effect as if they had been set forth in the body of this Agreement.

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## 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:

"Act" shall have the meaning set forth in the Recitals hereof.

"Acquisition" shall have the meaning set forth in the Recitals hereof.

"Additional City Note" shall have the meaning set forth in Section 4.03(d) hereof.

"Annual Compliance Report" shall mean a signed report from CTA to the City (a) itemizing each of CTA's obligations under this Agreement during the preceding calendar year, (b) certifying CTA'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 CTA is not in default with respect to any provision of this Agreement, the agreements evidencing the CTA Debt and Grant Financing, if any, or any related agreements.

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

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

"Certification of Expenditure" shall mean a Certification of Expenditure referenced in the City Note pursuant to which the principal amount of the City Note will be established or increased.

"Change Order" shall mean any amendment or modification to the Project or the Project Budget as described in Section 3.04.

"City Closing Costs" shall mean transactional costs incurred by the City and related to the closing on the Agreement, including without limitation the costs of the Title Policy under Section 5.05, costs relating to the issuance of the City Note under Section 4.09, and the other costs identified in Sections 3.03, 5.10 and 8.12, in an amount not to exceed \$1,000,000, and payable to the City from Available Incremental Taxes.

"City Contract" shall have the meaning set forth in Section 8.01 (k) hereof.

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

"City Fee" shall mean the fee described in Section 4.05 hereof.

"City Funds" shall mean (a) the funds paid to CTA pursuant to the City Note, (b) Pay-As-You-Go Funds, and (c) the funds paid to CTA to reimburse CTA for the CTA Closing Costs.

"City Note(s)" shall mean one or more notes designated "Tax Increment Allocation Revenue Note (Chicago Transit Authority Red and Purple Modernization Phase One Project), Taxable Series", to be substantially in the form attached hereto as Exhibit J, issued by the City to CTA in the aggregate maximum principal amount of \$622,000,000 less the amount of any Pay-As-You-Go Funds, and shall include each of the Initial City Note and the Additional City Note, if applicable. The

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City Note shall bear interest at the City Note Interest Rate and shall not provide for accrued, but unpaid, interest to bear interest at the same annual rate. The interest on the City Note will not be tax exempt.

"City Note Interest Rate" shall mean a rate equal to the CTA Debt Interest Rate.

"Closing Conditions" shall mean the CTA's obligations set forth in Sections 5.06 through 5.12 of this Agreement.

"Closing Date" shall mean the date upon which CTA has satisfied the Closing Conditions to the reasonable satisfaction of the City.

"Closing Date Deadline" shall mean CTA's closing on the FFGA.

"Construction Contract" shall mean the design-build contract or contracts entered into between CTA and a General Contractor providing for the design and construction of the Project, or portions thereof; provided, that for purposes of Section 10 only, this term shall exclude the contract or contracts having an aggregate value of up to \$50 million entered into between the CTA and third parties for (a) the design and construction of the Broadway power substation, (b) ancillary portions of the Project such as station art, and (c) other design and/or construction contracts.

"Construction Contract Amendment" shall mean any amendment or modification to the Construction Contract that requires an amendment to the FFGA.

"Corporation Counsel" shall mean the City's Department of Law.

"CTA Bond Financing" shall mean funds that have been borrowed, or will be borrowed, by CTA, in the approximate total amount of \$418,000,000, through the issuance of revenue bonds, notes, installment or financing contracts, leases, certificates, tax anticipation warrants or notes and vouchers, and which will be, when issued, irrevocably available to pay for costs of the Project, in the amount set forth in Section 4.01

hereof. CTA Bond Financing does not include CTA Debt.

"CTA Closing Costs" shall mean (a) transactional costs incurred by CTA and related to the closing on the CTA Debt or (b) at the City's election, other eligible Redevelopment Project Costs as described in Section 4.03(a), in an amount not to exceed the lesser of (x) \$3,000,000, and (y) the actual amount of such transactional costs, as established by documentation reasonably acceptable to the City, and payable by the City to the CTA from Available Incremental Taxes.

"CTA Debt" shall mean the TIFIA Loan or, if a TIFIA Loan is not available, CTA Sales Tax Bonds.

"CTA Debt Documents" shall mean any loan agreement, bond indenture, form of bond, CTA Debt Service Schedule, and other documents necessary or appropriate for the CTA Debt. The CTA Debt Documents shall conform to this Agreement and be subject to the review and approval of the City before execution. If the terms of the CTA Debt Documents are consistent with the CTA Debt Parameters, City will not unreasonably withhold its approval of the CTA Debt Documents.

"CTA Debt Interest Rate" shall mean the interest rate on the principal of the CTA Debt, not to exceed the amount specified in the CTA Debt Parameters.

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"CTA Debt Lender" shall mean the TIFIA Loan lender or in the event a TIFIA Loan is not available, the trustee(s) for CTA Sales Tax Bonds issued in lieu of the TIFIA Loan.

"CTA Debt Parameters" shall mean the parameters described on Exhibit D.

"CTA Debt Payment Date" shall mean each date on the CTA Debt Service Schedule on which CTA is required to pay principal or interest on the CTA Debt.

"CTA Debt Service Schedule" shall mean the final CTA Debt Service Schedule approved by CTA and the CTA Debt Lender pursuant to the CTA Debt, which will identify (i) the term of the CTA Debt, which will not exceed 35 years, (ii) the principal amount of the CTA Debt, (iii) the CTA Debt Interest Rate, and (v) a debt service schedule for the CTA Debt, including, on each CTA Debt Payment Date, the principal and interest to be paid on the CTA Debt.

"CTA Operating Funds" shall mean certain funds within CTA's operating accounts available for the Project.

"CTA Sales Tax Bonds" shall mean, in addition to the CTA Bond Financing, sales tax bonds which may be issued by CTA, in lieu of the TIFIA Loan, in the approximate total principal amount of \$622,000,000, subject to reduction by the amount of Pay-As-You-Go Funds, if any, and irrevocably available to pay for costs of the Project, in the amount set forth in Section 4.01 hereof.

"Debt Service Payment Commencement Date" shall mean the date upon which CTA must commence paying debt service under the CTA Debt Documents.

"DOT" shall mean the United States Department of Transportation.

"Employer(s)" shall have the meaning set forth in Section 10 hereof.

"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, including but not limited to (i) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.); (ii) any so-called DSuperfund" or DSuperlien" law; (iii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1802 et seq.); (iv) the Resource Conservation and Recovery Act (42 U.S.C. Section 6902 et seq.); (v) the Clean Air Act (42 U.S.C. Section 7401 et seq.); (vi) the Clean Water Act (33 U.S.C. Section 1251 et seq.); (vii) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.); (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (ix) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq.); and (x) the Municipal Code.

"Escrow" shall mean the construction escrow, if any, established pursuant to the Escrow Agreement.

"Escrow Agreement" shall mean the Escrow Agreement, if any, establishing a construction escrow, to be entered into by the Title Company (or an affiliate of the Title Company), CTA and the Non-Local Funders.

"Event of Default" shall have the meaning set forth in Section 15 hereof.

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"Execution Date" shall mean the date of execution and delivery of this Agreement by all parties hereto, which shall be deemed to be the date appearing in the first paragraph of this Agreement.

"Existing IGA Financing" shall mean funds in the approximate amount of \$10,000,000, obtained through the Intergovernmental Agreement entered into as of May 24, 2013, as amended, between the City and CTA regarding the Existing Redevelopment Area, known as the Bryn Mawr/Broadway Redevelopment Project Area.

"Existing Redevelopment Area(s)" shall mean one or more of the following redevelopment project areas previously established by the City pursuant to the Act: Devon/Sheridan Redevelopment Project Area, Hollywood/Sheridan Redevelopment Project Area, Bryn Mawr/Broadway Redevelopment Project Area, Lawrence/Broadway Redevelopment Project Area, and Wilson Yard Redevelopment Project Area.

"Financial Interest" shall have the meaning set forth for such term in Section 2-156-010 of the Municipal Code.

"FTA" shall mean the Federal Transit Administration.

"Full Funding Grant Agreement" or "FFGA" shall mean a grant from the FTA through the Capital Investment Grant Program, for a Core Capacity project in the approximate amount of \$957,000,000 to fund a portion of the Project.

6.01. "General Contractor" shall mean the general contractor(s) hired by CTA pursuant to Section

"Grant Financing" shall mean (i) the FFGA and (ii) a grant from DOT through the Congestion Mitigation and Air Quality Improvement (CMAQ) Program in the approximate amount of \$125,000,000.

"Hazardous Materials" shall mean any toxic substance, hazardous substance, hazardous material,

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

"Human Rights Ordinance" shall have the meaning set forth in Section 10 hereof.

"Increment Coverage Ratio" shall mean any debt service coverage ratio required by the CTA Debt Documents, expressed, as of the measurement date, as the ratio of Available Incremental Taxes to payments required under the CTA Debt Service Schedule in the upcoming year, provided that such ratio is within the CTA Debt Parameters.

"Increment Debt Service Reserve" shall mean any debt service reserve required by the CTA Debt Documents, expressed as an amount of Available Incremental Taxes reserved for payments required under the CTA Debt Service Schedule, provided that such reserve amount is within the CTA Debt Parameters.

"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

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Treasurer of the City for deposit by the Treasurer into the TIF Fund established to pay Redevelopment Project Costs and obligations incurred in the payment thereof.

"Indemnitee" and "Indemnities" shall have the meanings set forth in Section 13.01 hereof.

"Initial City Note" shall have the meaning set forth in Section 4.03(c) hereof.

"Municipal Code" shall mean the Municipal Code of the City of Chicago, as amended from time to time.

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

"Non-Local Funders" shall mean DOT and the FTA.

"Ordinary Course of Business" shall mean (a) the lease or license of Property to a private party for incidental compatible use such as retail concession or parking, and/or (b) CTA's disposition of Property if (i) CTA has reasonably determined that the Property is past its useful life, is surplus property or is no longer useful for the Project, or (ii) the Property was acquired by CTA for the purposes of staging construction on the Project and the legally required disposal process for such disposition was followed; and in each case CTA complies with applicable legal or contractual requirements, including requirements imposed by agreements evidencing Other Financing, if applicable.

"Other Financing" shall mean the CTA Debt, Grant Financing, CTA Bond Financing, and Existing IGA Financing.

"Pay-As-You-Go-Funds" shall mean the amounts used to directly reimburse CTA during the Term of the Agreement for TIF-Funded Improvements, in an amount to be agreed on in writing between the City and CTA under Section 4.03(b), from Available Incremental Taxes, other than payments from Available Incremental Taxes for the CTA Closing Costs and payments under the City Note. Pay-As-You-Go Funds do not bear interest.

"Permitted Liens" shall mean those liens and encumbrances against the Property and/or the Project set forth as Schedule B title exceptions in the Title Policy.

"Plans and Specifications" shall mean final plans and specifications for the construction of the Project.

"Pre-Completion Payments" shall have the meaning set forth in Section 4.03(a). "Project"

shall have the meaning set forth in the Recitals hereof.

"Project Account" shall mean the "RPM Phase One Redevelopment Project Account" as defined in the ordinance adopted by City Council on November 30, 2016, and published in the Journal of the Proceedings of the City Council.

"Project Budget" shall mean the budget attached hereto as Exhibit H, showing the total cost of the Project by line item, furnished by CTA to DPD, in accordance with Section 3.03 hereof.

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"Property" shall mean fee simple, easement, lease, or other interests in real property within the Redevelopment Area or an Existing Redevelopment Area that CTA has acquired for the Project before the Execution Date or will acquire for the Project during the Term of the Agreement.

"Redevelopment Area" shall have the meaning set forth in the Recitals hereof.

"Redevelopment Plan" shall have the meaning set forth in the Recitals hereof.

"Redevelopment Project Costs" shall mean redevelopment project costs as defined in Section 5/11 - 74.4-3(q-2) of the Act that are included in the budget set forth in the Redevelopment Plan or otherwise referenced in the Redevelopment Plan.

"Requisition Form" shall mean the document, in the form attached hereto as Exhibit E, to be delivered by CTA to DPD pursuant to Section 4.04 of this Agreement.

"Scope Drawings" for the Project, if any, shall mean the scope drawings or comparable contract drawings for the Project which are compatible with the Project.

"Term of the Agreement" shall mean the period of time commencing on the Closing Date and ending on the earlier of: (a) any date to which DPD and CTA have agreed and (b) December 31, 2053.

"TIF Adoption Ordinance" shall have the meaning set forth in the Recitals hereof.

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

"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. Exhibit C lists the TIF-Funded Improvements for the Project.

"TIF Ordinances" shall have the meaning set forth in the Recitals hereof.

"TIFIA Loan" shall mean funds anticipated to be borrowed by CTA from DOT pursuant to the Transportation Infrastructure Finance and Innovation Act (TIFIA), not to exceed \$622,000,000, subject to reduction by the amount of Pay-As-You-Go Funds, if any, and irrevocably available to pay for costs of the Project, in the amount set forth in Section 4.01 hereof.

"Title Company" shall mean the title company selected by the City to provide the Title Policy.

"Title Policy" shall mean a title insurance policy issued by the Title Company in the most recently revised ALTA or equivalent form, showing the City as the insured, noting the recording of this Agreement (or, in the City's sole discretion, a memorandum 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 the CTA Debt, if any.

"Total Amount Condition" shall have the meaning given such term in Section 4.03(a).

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### SECTION 3. THE PROJECT

1 The Project. CTA has commenced the Project and will complete construction of the Project no later than October 22, 2027. The Project shall at all times conform to the Redevelopment Plan, the requirements of the Non-Local Funders, and all applicable federal, state and local laws, ordinances and regulations. CTA shall submit all necessary documents to the City's Building Department, Department of Transportation and such other City departments or governmental authorities as may be necessary to acquire building permits and other required approvals for the Project.

2 [intentionally omitted]

3 Project Budget. CTA has furnished to DPD, and DPD has approved, a Project Budget showing total costs for the Project in an approximate amount of Two Billion One Hundred Thirty One Million Dollars (\$2,131,000,000). CTA hereby certifies to the City that (a) the City Funds, together with Other Financing described in Section 4.01 hereof, shall be sufficient to complete the Project. CTA hereby certifies to the City that (a) it has obtained or will obtain Other Financing in an amount sufficient to pay for all Project costs; and (b) the Project Budget is true, correct and complete in all material respects. After the Construction Contract is awarded and before construction begins on the Project, CTA shall provide the City with an updated Project Budget with additional line item detail, subject to the review and approval of DPD as to the level of additional line item detail. If the updated Project Budget reflects an aggregate increase or decrease by 5% or more, such Change Order would be subject to DPD review and approval under Section 3.04. If the City engages a third party consultant to assist in the review of the updated Project Budget, such costs shall be included in the City Closing Costs.

4 Change Orders, (a) CTA shall submit to DPD, for DPD's approval, Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to any of the following: (i) a delay in the completion of the Project by six (6) months or more; (ii) a Change Order resulting in an aggregate increase or decrease to the Project Budget by 5% or more; or (iii) a Change Order that materially changes the scope of the Project. In addition, any Construction Contract Amendment requiring an amendment to the FFGA shall be a Change Order subject to this Section 3.04(a) subject to the review and approval of DPD under the terms provided in the FFGA. CTA shall not authorize or permit the performance of

any work relating to any Change Order subject to this Section 3.04(a) or the furnishing of materials in connection therewith before receiving DPD's written approval. The Construction Contract shall contain a provision to this effect. An approved Change Order shall not be deemed to imply any obligation on the part of the City to increase the amount of City Funds which the City has pledged pursuant to this Agreement or provide any other additional assistance to CTA.

(b) Change Orders other than those set forth in Section 3.04(a) do not require DPD's prior written approval; provided that upon DPD's request CTA shall provide a copy of any such Change Orders to DPD and identify to DPD the source of funding therefor.

5 DPD Approval. Any approval granted by DPD of a Change Order 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 DPD pursuant to this Agreement constitute approval of the quality, structural soundness or safety of the Property or the Project.

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6 Other Approvals. Any DPD approval under this Agreement shall have no effect upon, nor shall it operate as a waiver of, CTA's obligations to comply with the provisions of Section 5.03 (Other Governmental Approvals) hereof. CTA shall not commence construction of any portion of the Project until CTA has obtained all necessary permits and approvals of such portion of the Project and proof of the General Contractor's and each subcontractor's bonding as required hereunder.

7 Signs and Public Relations. CTA shall erect a sign of size and style approved by the City in a conspicuous location on the Property during the Project, indicating that City Funds have been provided by the City. CTA irrevocably grants to the City the right to include the name, photographs, and artistic renderings of the Project and other pertinent information regarding CTA, the Property and the Project in the City's information, literature and communications.

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

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

## SECTION 4. FINANCING

4.01 Total Project Cost and Sources of Funds. The cost of the Project is estimated to be \$2,131,000,000, to be applied in the manner set forth in the Project Budget. Such costs shall be funded from the following sources:

Source	Amount (in millions)
FFGA: Core Capacity Full Funding Grant Agreement	\$957
CMAQ grant: Congestion Mitigation and Air Quality grant	\$125
CTA Debt: a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan or in lieu of TIFIA loan, CTA Sales Tax Bonds or note(s)	\$622(*)



Existing IGA Financing: Existing Intergovernmental Agreement between \$10 the City and CTA for Bryn Mawr/Broadway Redevelopment Project Area	
CTA Bond Financing: previously issued	\$25
CTA Bond Financing: Sales Tax Bonds - planned 2017	\$44
CTA Bond Financing: future bond issuance and CTA share of finance charges	\$349(**)
Estimated Total	\$2,131

(\*) This amount will be reduced by the amount of any Pay-As-You-Go Funds.

(\*\*) This amount will be reduced by any CTA Operating Funds used on the Project

4.02 CTA Funds. The Other Financing shall be used to pay all Project costs, including but not limited to Redevelopment Project Costs and costs of TIF-Funded Improvements.

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### 4.03 City Funds.

a) Uses of City Funds. City Funds may only be used to reimburse CTA for costs of TIF-Funded Improvements that constitute Redevelopment Project Costs. Exhibit C sets forth, by line item, the TIF-Funded Improvements for the Project, and the maximum amount of costs that may be paid by or reimbursed from City Funds for each line item therein, contingent upon receipt by the City of documentation satisfactory in form and substance to DPD evidencing such cost and its eligibility as a Redevelopment Project Cost; provided that (i) CTA, subject to the prior written approval of the City, may make changes in the amounts of individual line items in Exhibit C as long as the total amount of TIF-Funded Improvements does not increase, and (ii) after the Construction Contract is awarded and before construction begins on the Project, CTA shall provide the City with an updated Exhibit C with additional line item detail, subject to the review and approval of DPD as to the level of additional line item detail. If the City engages a third party consultant to assist in the review of the updated Exhibit C, such costs shall be included in the City Closing Costs.

Except for Pre-Completion Payments, if any, City Funds shall not be paid to CTA hereunder prior to the issuance of a Certificate of Completion. "Pre-Completion Payments" shall mean payments of Pay-As-You-Go Funds or payments under the City Note for which CTA has requested payment before December 31, 2027 and has satisfied the other applicable conditions for payments of City Funds under this Agreement, including delivering a Requisition Form certifying that the Total Amount Condition is satisfied. The "Total Amount Condition" shall mean the sum of (a) the principal amount of CTA Sales Tax Bonds which CTA has issued or the principal amount which CTA has borrowed under the TIFIA Loan, as applicable, plus (b) the principal amount of CTA Sales Tax Bonds which CTA anticipates issuing or the principal amount CTA anticipates borrowing under the TIFIA Loan, as applicable, plus (c) the amount of Pay-As-You-Go Funds the City has paid to CTA, plus (d) the amount of Pay-As-You-Go Funds for which CTA anticipates requesting payment, is equal to or less than \$622,000,000. CTA Closing Costs shall be excluded when determining whether the Total Amount Condition has been satisfied.

b) Preconditions to Issuance of City Note. The CTA shall use good faith efforts to issue the CTA Debt and shall provide notice to DPD concerning the status and progress of such issuance. Prior to the issuance of the CTA Sales Tax Bonds or drawing under the TIFIA Loan, the City and CTA shall negotiate in good faith to determine the amount of Pay-As-You-Go Funds and shall reflect such amount in a written amendment to this Agreement. If CTA issues the CTA Debt, then it shall promptly provide to the City copies of the final CTA Debt

Documents, including the CTA Debt Service Schedule. Prior to the Debt Service Payment Commencement Date the City shall issue the City Note to CTA if all of the following conditions are satisfied: (i) the CTA has issued the CTA Debt and obtained Other Financing, (ii) the terms of the CTA Debt Documents are consistent with the CTA Debt Parameters, provided that the City will not unreasonably withhold its approval of the CTA Debt Documents, (iii) the CTA has complied with this Section 4.03(b), (iv) the CTA has satisfied any additional closing requirements imposed by the City with respect to issuance of the City Note that are consistent with the requirements for closing of the CTA Debt and Other Financing, (v) the CTA is otherwise in compliance with this Agreement, (vi) CTA and the City have agreed on the order in which the sources described in Section 4.01 shall be used for the Project, in conformance with the terms and conditions of the FFGA and the CTA Debt Documents; and (vii) the CTA has issued the CTA Sales Tax Bonds or borrowed under the TIFIA Loan.

(c) Issuance and Characteristics of Initial City Note. The initial City Note (the "Initial City Note" shall:

(i) have an initial principal balance equal to the lesser of

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- a) Six Hundred Twenty-Two Million Dollars (\$622,000,000),
- b) the initial principal balance of the CTA Debt,
- c) if the total cost of the Project is less than the estimated Project Budget of \$2,131,000,000, then:
  - 1) \$622,000,000 minus a number equal to (\$2,131,000,000 minus the total cost of the Project)
  - 2) or (but only if the requirements of Other Financing require a proportionate reduction) \$622,000,000 multiplied by a fraction, the numerator of which is the total cost of the Project and the denominator of which is \$2,131,000,000,
- d) the total Redevelopment Project Costs that have been approved by the City through approved Certifications of Expenditure, as of the date that is 90 days prior to the Debt Service Payment Commencement Date,

have an interest rate that is equal to the CTA Debt Interest Rate,

have a debt service schedule

- a) that has payment dates at least 90 days in advance of the CTA Debt Payment Dates subject to increase if required as reasonably determined by City and CTA and
- b) that
  - 1) if the initial principal balance of the City Note equals the initial principal balance of the CTA Debt, a debt service schedule that, for the first 20 years, is the same as the CTA Debt Service Schedule, it being the parties' intent that, in such case, each payment of principal and interest on the City Note will equal the next payment of principal and interest that is due on the CTA Debt pursuant to the CTA Debt Service Schedule, or
  - 2) if the initial principal balance of the City Note is less than the initial principal balance of the CTA Debt, a debt service schedule pursuant to which, on each payment date for the first 20 years of such debt service schedule, the amount of principal paid on the City Note is proportionate to the

amount of principal on the CTA Debt to be paid by CTA on the next CTA Debt Payment Date, in the same proportion as the initial principal balance of the City Note is in relation to the initial principal balance of the CTA Debt,

have a term not to exceed 20 years, and

be subject to prepayment by the City at any time without premium or penalty.

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(d) Issuance and Characteristics of Additional City Note. If, upon the expiration of the term of the Initial City Note, the principal of the Initial City Note is not paid in full and the principal of the CTA Debt has not been paid in full, then the City shall, without the need for any further authorization from City Council with respect to the issuance of an additional City Note, issue an additional City Note (the "Additional City Note") that:

- i) has an initial principal balance equal to the equal to the unpaid balance of the Initial City Note,
- ii) has an interest rate that is equal to the CTA Debt Interest Rate,
- iii) has a debt service schedule
  - a) that has payment dates at least 90 days in advance of the CTA Debt Payment Dates subject to increase if required as reasonably determined by City and CTA and
  - b) that
    - 1) if the initial principal balance of the Additional City Note equals the ' remaining principal balance of the CTA Debt, a debt service schedule that, for the term of the Additional City Note, is the same as the CTA Debt Service Schedule, it being the parties' intent that, in such case, each payment of principal and interest on the Additional City Note will equal the next payment of principal and interest that is due on the CTA Debt pursuant to the CTA Debt Service Schedule, or
    - 2) if the initial principal balance of the Additional City Note is less than the remaining principal balance of the CTA Debt, a debt service schedule pursuant to which, on each payment date during the term of the Additional City Note, the amount of principal paid on the City Note, is proportionate to the amount of principal on the CTA Debt to be paid by CTA on the next CTA Debt Payment Date, in the same proportion as the initial principal balance of the Additional City Note is in relation to the remaining principal balance of the CTA Debt,
- iv) has a term not to exceed 20 years, and
- v) be subject to prepayment by the City at any time without premium or penalty.

e) CTA Closing Costs. Following the issuance of a Certificate of Completion, and upon CTA's submission of an annual Requisition Form, the City shall pay CTA Closing Costs to CTA, but only out of Available Incremental Taxes that are not then necessary to pay principal and interest on CTA Debt on the next

two payments dates or to maintain the Increment Coverage Ratio or the Increment Debt Service Reserve.

f) Sources of and Limits on City Funds. Payments under this Agreement are subject to the amount of Available Incremental Taxes deposited into the TIF Fund being sufficient for such payments. The parties agree that Available Incremental Taxes shall be used as of each CTA Debt Payment Date in the following order of priority of disbursement:

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- i) Payments scheduled under the CTA Debt Service Schedule;
- ii) Maintenance or funding of Increment Coverage Ratio and/or Increment Debt Service Reserve, as applicable;
- iii) Payments scheduled under the CTA Debt Service Schedule for prior years and not paid by the City due to insufficient Available Incremental Taxes deposited into the TIF Fund;
- iv) Pay-As-You-Go Funds;
- v) At the option of the City, prepayment of all or part of the City Note to be applied by CTA as payment toward early redemption or prepayment of CTA Debt, which payment CTA shall promptly pay in full to the CTA Debt Lender;
- vi) City Closing Costs;
- vii) CTA Closing Costs, subject to the limitations described in Section 4.03(e);
- viii) City Fee; and
- ix) At the option of the City, declaration of surplus.

4 Requisition Form. Twice per calendar year or on such other schedule as the City and CTA may agree, CTA shall provide DPD with a Requisition Form, along with the documentation described therein, (i) with respect to any requested Pre-Completion Payment, after the Closing Date and continuing through December 31, 2027, and (ii) with respect to any requested payment of City Funds other than a Pre-Completion Payment, beginning when the Certificate of Completion is issued and continuing throughout the earlier of (x) the Term of the Agreement or (y) the date that CTA has been reimbursed in full under this Agreement. Requisition for reimbursement of TIF-Funded Improvements shall be made not more than twice per calendar year or on such other schedule as agreed between the City and CTA, including with respect to the payment of Pay-As-You-Go Funds.

If pursuant to Section 18.14(a) the CTA collaterally assigns to the CTA Debt Lender the right to receive payments under the City Note, then at the written request of the CTA, the City shall agree to make any payments required to be made under the City Note directly to such CTA Debt Lender, without the need for a Requisition Form, as described in a form of assignment described in Section 18.14(a). In this case, then as of each CTA Debt Payment Date CTA shall be deemed to make the following representations and warranties to the City: (x) the representations and warranties contained in the Agreement are true and correct and CTA is in compliance with all applicable covenants contained herein, (y) no event of Default or condition or event which, with the giving of notice or passage of time or both, would constitute an Event of Default, exists or has occurred, and (z) the Total Amount Condition is satisfied.

5 City Fee. Annually, the City may allocate an amount not to exceed five percent (5%) of the Incremental Taxes for payment of Redevelopment Project Costs incurred by the City for the administration and monitoring of the Redevelopment 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.

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4.06 Cost Overruns. If the aggregate cost of the TIF-Funded Improvements exceeds City Funds available pursuant to Section 4.03 hereof, or if the cost of completing the Project exceeds the Project Budget, CTA shall be solely responsible for such excess cost, and shall hold the City harmless from any and all costs and expenses of completing the TIF-Funded Improvements in excess of City Funds and of completing the Project.

4.07 Preconditions of Execution of Certification of Expenditure. To evidence its expenditures of the Redevelopment Project Costs identified in the Project Budget, CTA shall submit Certifications of Expenditure to the City for the City's review and approval. Prior to each approval of a Certification of Expenditure by the City, CTA shall submit documentation regarding the applicable expenditures to DPD, which shall be satisfactory to DPD in its sole discretion. Delivery by CTA to DPD of any request for execution by the City of a Certification of Expenditure hereunder shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such request for execution of a Certification of Expenditure, that:

a) the total amount of the request for Certification of Expenditure represents the actual costs of the Project paid by CTA and identified in the Certification of Expenditure;

b) all amounts shown as previous payments on the current request for Certification of Expenditure have been paid to the parties entitled to such payment;

c) CTA has approved all work and materials for the current request for Certification of Expenditure, and such work and materials conform to the Plans and Specifications;

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

e) CTA has received no notice and has no knowledge of any liens or claim of lien either filed or threatened against the Property, the City Funds, or funds from the Other Financing, except for the Permitted Liens; and

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

The City shall have the right, in its discretion, to require CTA to submit further documentation as the City may require in order to verify that the matters certified to above are true and correct, and any execution of a Certification of Expenditure by the City shall be subject to the City's review and approval of such documentation and its satisfaction that such certifications are true and correct; provided, however, that nothing in this sentence shall be deemed to prevent the City from relying on such certifications by CTA. In addition, prior to the City executing a Certification of Expenditure, CTA must first satisfy all other preconditions of execution of the Certification of Expenditure, including but not limited to requirements set forth in the TIF

Ordinances and this Agreement and/or the Escrow Agreement.

8 Conditional Grant. The City Funds being provided hereunder are being granted on a conditional basis, subject to the CTA's compliance with the provisions of this Agreement. The City Funds are subject to being reimbursed as provided in Section 15.02 hereof.

9 Cost of Issuance of City Note. Costs relating to the issuance of the City Note shall be included in the City Closing Costs.

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4.10 City's Reserved Rights. The City reserves the right to utilize Available Incremental Taxes that are not necessary (i) to pay the next principal and interest payment on the City Note or any Additional City Note, (ii) to maintain any Increment Coverage Ratio and/or any Increment Debt Service Reserve, as applicable, or (iii) to reimburse CTA Pay-As-You-Go Funds under Section 4.03(f)(iv), for any lawful purpose, including without limitation (x) payment of obligations of Existing Redevelopment Areas, as permitted by the Act, (y) at the option of the City, declaration of surplus, as permitted by the Act, and (z) distribution to other taxing districts, as permitted or required by the Act.

### SECTION 5. CONDITIONS PRECEDENT; FUTURE OBLIGATIONS

CTA shall satisfy the following conditions and covenants to the City's reasonable satisfaction and, where indicated, prior to the City's payment of any City Funds. In addition, CTA shall satisfy the Closing Conditions (CTA's obligations in Sections 5.06 through 5.12) on or prior to the Closing Date Deadline. Upon satisfaction of the Closing Conditions, CTA shall deliver written notice to the City stating that all the Closing Conditions have been satisfied and identifying the proposed Closing Date. The City shall promptly respond in writing, stating whether it agrees (a) that all the Closing Conditions have been satisfied and (b) to the proposed Closing Date and, if it does not agree that all the Closing Conditions have been satisfied or to the proposed Closing Date, the City shall identify any unsatisfied Closing Conditions and specify a reasonable cure for satisfying such Closing Conditions and a revised Closing Date, if appropriate.

1 Project Budget. The parties acknowledge that CTA has submitted to DPD, and DPD has approved, a Project Budget in accordance with the provisions of Section 3.03 hereof.

2 Scope Drawings and Plans and Specifications. At the request of DPD, CTA shall submit to DPD the Scope Drawings, if any. CTA shall cause to be prepared Plans and Specifications for the Project that are consistent with the Scope Drawings and will provide drafts or final versions of them to the City upon the City's request.

3 City and Other Governmental Approvals. CTA shall secure all necessary approvals and permits required by any City department and any state, federal, or local statute, ordinance or regulation and, if requested in writing by DPD, shall submit evidence thereof to DPD.

4 Financing. Prior to the City's payment of any City Funds, CTA shall furnish proof reasonably acceptable to the City that CTA has obtained, or will be able to obtain, Other Financing in the amounts set forth in Section 4.01 hereof to complete the Project and satisfy its obligations under this Agreement and that the proceeds thereof will be available to be drawn upon by CTA as needed and are sufficient to complete the Project and in furtherance thereof CTA covenants (a) to deliver to DPD copies of the agreements evidencing the Other Financing and a copy of the Escrow Agreement, if any, entered into by CTA if required by the Non-Local Funders, and (b) not to amend the agreements evidencing the Other Financing or refinance or replace the Other Financing without the City's prior written consent; provided that City consent will not be required for

technical amendments that do not impact the City's obligations under this Agreement or the City Note and that do not materially change the scope of the Project. At the City's request, CTA will provide the City with a draft of the FFGA, including the Red and Purple Modernization (RPM) Phase One Financial Plan, and drafts of any other documents related to the Other Financing.

5 Acquisition and Title. With respect to Property other than the Acquisitions, during the Term of the Agreement, CTA shall cooperate with the City with respect to the City's obtaining of a Title Policy that (a) is certified by the Title Company, (b) shows the City as the named insured, (c)

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contains only those title exceptions listed as Permitted Liens, (d) evidences the recording of this Agreement pursuant to the provisions of Section 8.12 hereof, and (e) contains such endorsements as shall 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. Such cooperation may include, without limitation, providing information regarding the current state of title, existing surveys, documentation related to the purchase of such Property and copies of easements and encumbrances of record with respect to the Property.

With respect to each Acquisition that will remain part of the Project after the Certificate of Completion is issued, CTA covenants to furnish the City with an endorsement to the Title Policy for such Property that satisfies the requirements described in the first paragraph of this Section 5.05. This requirement does not apply to any Property which CTA acquires for the purposes of staging construction on the Project and disposes before the issuance of the Certificate of Completion in the Ordinary Course of Business.

The costs of the Title Policy shall be expenses of the City and shall be included in the City Closing Costs.

5.06 Evidence of Clean Title. CTA, at its own expense, shall provide the City with searches as indicated in the chart below under CTA's name showing no liens against CTA, the Property or any fixtures now or hereafter affixed thereto, except for the Permitted Liens; provided, that the City in its discretion may accept the Title Policy, or research conducted in obtaining the Title Policy, in lieu of searches at the Cook County Recorder:

**Jurisdiction**

Secretary of State  
Cook County Recorder

**Searches**

UCC, Federal tax  
UCC, Fixtures, Federal tax, State tax, Memoranda of judgments  
Pending suits and judgments  
Pending suits and judgments

7 Opinion of CTA's Counsel. CTA shall furnish the City with an opinion of counsel, substantially in the form attached hereto as Exhibit I, with such changes as required by or acceptable to Corporation Counsel and the CTA's general counsel. If CTA has engaged special counsel in connection with the Project, and such special counsel is unwilling or unable to give some of the opinions set forth in Exhibit I hereto, such opinions will be obtained by CTA from its general counsel.

8 [intentionally omitted]

9 [intentionally omitted]

10 Environmental. CTA shall provide the City with a letter from the environmental engineer(s) who completed the assessments and findings described in Section 11, authorizing the City to rely on such documents, if such a reliance letter may be reasonably obtained; provided that the cost of obtaining such reliance letter may be included in the City Closing Costs.

11 Corporate Documents. CTA shall provide a copy of CTA Board resolutions (i) adopting the Capital Improvement Program which includes the CTA's Red and Purple Modernization Program and the Project; (ii) authorizing the undertaking of the Project and the Acquisitions; (iii) authorizing

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the President or the Chairman of the CTA Board to execute this Agreement and all related documents; (iv) authorizing the President or the Chairman of the CTA Board to execute any documents in relation to the Other Financing; and (v) and such other documentation as the City has requested.

5.12 Litigation. CTA shall provide to Corporation Counsel and DPD, a description of all pending or threatened litigation or administrative proceedings against CTA and related to the Project, the TIF Ordinances, and the Other Financing, specifying, in each case, the amount of each claim and an estimate of probable liability.

## SECTION 6. AGREEMENTS WITH CONTRACTORS

### 1 Bid Requirement for General Contractor and Subcontractors.

a) The CTA shall comply with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, codes and executive orders, as well as all policies, programs and procedures of the CTA, all as may be in effect or as amended from time to time, pertaining to or affecting the Project or the CTA as related thereto. The CTA shall include a certification of such compliance with each request for City Funds hereunder and at the time the Project is completed. The City shall be entitled to rely on this certification without further inquiry. Upon the City's request, the CTA shall provide evidence satisfactory to the City of such compliance.

b) The CTA shall enter into one or more contracts with contractors to construct the Project (collectively, "General Contractors"). In all of its contracts with General Contractors, the CTA agrees to require the contractor to name the City as an additional insured on insurance coverage requirements described in Exhibit K and to require the contractor to indemnify the City from all claims, damages, demands, losses, suits, actions, judgments and expenses including but not limited to attorney's fees arising out of or resulting from work on the Project by the contractor or contractor's suppliers, employees, or agents.

2 Construction Contract. Within ten (10) business days after execution of any Construction Contract by CTA, the General Contractor and any other parties thereto, CTA shall deliver to DPD and Corporation Counsel a certified copy of such contract, together with any modifications, amendments or supplements thereto.

3 Bonds for Work in Public Way. Prior to the commencement of any portion of the Project which includes work in the public way, if a bond is legally required for such work, then CTA shall require that the General Contractor be bonded for its payment by sureties having an AA rating or better using a bond naming the City as obligee or co-obligee on any such bonds for work in the public way.

4 Employment Opportunity. CTA shall contractually obligate and cause the General Contractor and each subcontractor to agree to the provisions of Section 10 hereof.



5 Other Provisions. In addition to the requirements of this Section 6, the Construction Contract and each contract with any subcontractor shall contain provisions required pursuant to Section 3.04 (Change Orders), Section 10.01(e) (DBE Commitment), Section 10.02 (Equal Employment Opportunity), Section 10.03 (Workforce Diversity, as applicable), Section 12 (Insurance) and Section 14.01 (Books and Records) hereof. Photocopies of all contracts or subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD upon DPD's written request within ten (10) business days of the request.

## SECTION 7. COMPLETION OF CONSTRUCTION OR REHABILITATION

1 Certificate of Completion of Construction . Upon final completion of the Project in accordance with the terms of this Agreement, and upon CTA's written request, DPD shall issue to CTA a Certificate of Completion in recordable form certifying that CTA has fulfilled its obligation to complete the Project in accordance with the terms of this Agreement. DPD shall respond to CTA's written request for a Certificate of Completion within forty-five (45) days by issuing either a Certificate of Completion or a written statement detailing the ways in which the request is incomplete or the Project does not conform to this Agreement or has not been satisfactorily completed, and the measures which must be taken by CTA in order to obtain the Certificate of Completion. If the City does not respond, or its response is incomplete, then the request for the Certificate of Completion will be deemed denied. CTA may resubmit a written request for a Certificate of Completion upon completion of such measures.

2 Effect of Issuance of Certificate of Completion; Continuing Obligations. The Certificate of Completion relates only to the completion, construction and rehabilitation of the Project, and upon its issuance, the City will certify that the terms of the Agreement specifically related to CTA's obligation to complete such activities have been satisfied. After the issuance of a Certificate of Completion, however, all executory terms and conditions of this Agreement and all representations and covenants contained herein will continue to remain in full force and effect throughout the Term of the Agreement and the issuance of the Certificate of Completion shall not be construed as a waiver by the City of any of its rights and remedies pursuant to such executory terms.

3 Failure to Complete. CTA's failure to complete the Project in accordance with the terms of this Agreement shall constitute an Event of Default.

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

## SECTION 8. COVENANTS/REPRESENTATIONS AND WARRANTIES OF CTA.

8.01 General. CTA 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) CTA is an Illinois municipal corporation duly organized and validly existing under Illinois law;
- b) CTA has the right, power and authority to enter into, execute, deliver and perform this Agreement;
- c) the execution, delivery and performance by CTA of this Agreement has been duly authorized by all necessary action of the CTA's corporate authorities, and does not and will not violate any applicable

provision of law, or constitute a breach of or default under, or require any consent under, any agreement, instrument or document to which CTA is now a party or by which CTA is now or may become bound;

d) unless otherwise permitted by this Agreement, CTA shall acquire and shall maintain good, indefeasible and merchantable fee simple title to the Property (and all improvements thereon)

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free and clear of all liens (except for the Permitted Liens as disclosed in the Project Budget and nongovernmental charges that CTA is contesting in good faith pursuant to Section 8.09 hereof)

e) CTA 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 CTA which would impair its ability to perform under this Agreement;

g) CTA has obtained or will obtain, and shall maintain all government permits, certificates and consents (including, without limitation, appropriate environmental approvals) necessary to conduct its business and to construct, complete and operate the Project;

h) CTA is not in default with respect to any indenture, loan agreement, mortgage, deed, note or any other agreement or instrument related to the borrowing of money to which CTA is a party or by which CTA is bound related to the Project;

(i) during the Term of the Agreement, CTA shall not do any of the following unless authorized by an ordinance duly adopted by the City Council: (1) be a party to any merger, liquidation or consolidation; (2) sell, transfer, convey, lease, enter a concession agreement related to, privatize and/or otherwise dispose of all or substantially all of its assets; (3) sell, transfer, convey, lease, enter a concession agreement related to, privatize and/or otherwise dispose of any portion of the Project or the Property (including but not limited to any fixtures or equipment now or hereafter attached thereto) or any portion of the TIF-Funded Improvements, other than in the Ordinary Course of Business; or (4) enter into any transaction that would cause a material and detrimental change to CTA's financial condition;

(j) CTA has not incurred, and, prior to the issuance of a Certificate of Completion, shall not, without the prior written consent of the Commissioner of DPD, allow the existence of any liens against the Property (or improvements thereon) other than the Permitted Liens; or incur any indebtedness, secured or to be secured by the Property (or improvements thereon) or any fixtures now or hereafter attached thereto, except as disclosed in the Project Budget;

(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 Contract with CTA in violation of Chapter 2-156-120 of the Municipal Code;

(l) to the extent applicable to CTA, neither CTA nor any affiliate of CTA 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 (l) only, the term "Daffiliate," 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

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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.

(m) CTA understands that (i) the City Funds are limited obligations of the City, payable solely from Available Incremental Taxes; (ii) the City Funds do not constitute indebtedness of the City within the meaning of any constitutional or statutory provision or limitation; (iii) CTA will have no right to compel the exercise of any taxing power of the City for payment of the City Funds; and (iv) the City Funds do not and will not represent or constitute a general obligation or a pledge of the faith and credit of the City, the State or any political subdivision thereof;

(n) CTA has sufficient knowledge and experience in financial and business matters, including municipal projects and revenues of the kind represented by the City Funds, and has been supplied with access to information to be able to evaluate the risks associated with the receipt of City Funds;

(o) CTA understands that there is no assurance as to the amount or timing of receipt of City Funds, and that the amounts of City Funds actually received by CTA may be less than the maximum amounts set forth in Section 4.03(c)(1);

(p) CTA understands it may not sell, assign, pledge or otherwise transfer its interest in this Agreement or City Funds in whole or in part except in accordance with the terms of Section 18.14 of this Agreement, and, to the fullest extent permitted by law, agrees to indemnify the City for any losses, claims, damages or expenses relating to or based upon any sale, assignment, pledge or transfer of City Funds in violation of this Agreement; and

(q) CTA acknowledges that with respect to City Funds, the City has no obligation to provide any continuing disclosure to the Electronic Municipal Market Access System maintained by the Municipal Securities Rulemaking Board, to any holder of a note relating to City Funds or any other person under Rule 15c2-12 of the Commission promulgated under the Securities Exchange Act of 1934 or otherwise, and shall have no liability with respect thereto.

2 Covenant to Redevelop. Upon DPD's approval of the Project Budget as provided in this Agreement, and CTA's receipt of all required building permits and governmental approvals, CTA shall complete the Project in accordance with this Agreement and all Exhibits attached hereto, the TIF Ordinances, the Scope Drawings, Plans and Specifications, Project Budget and all amendments thereto, and all federal,

state and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project, the Property and/or CTA.

3     Redevelopment Plan. CTA represents that the Project is and shall be in compliance with all of the terms of the Redevelopment Plan, which is hereby incorporated by reference into this Agreement.

4     Use of City Funds. City Funds disbursed to CTA shall be used to reimburse CTA (directly or indirectly) for the TIF-Funded Improvements as provided in this Agreement. CTA agrees that if the City determines to apply Available Incremental Taxes towards prepayment of all or part of the City Note, to be applied by CTA towards the early redemption or prepayment of CTA Debt, under Section 4.03(f), CTA shall promptly pay such amounts in full to the CTA Debt Lender.

5     Employment Opportunity; Progress Reports. CTA covenants and agrees to abide by, and contractually obligate and use reasonable efforts to cause the General Contractor and each

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subcontractor to abide by the terms set forth in Section 10 hereof. CTA shall require the General Contractor to provide written progress reports detailing compliance with the requirements of Sections 8.07 and 1\_0 of this Agreement. Such reports shall be delivered to DPD when the Project is approximately 25%, 50%, 70% and 100% completed (based on the amount of expenditures incurred in relation to the Project Budget). CTA shall also require the General Contractor in the Construction Contract to provide a plan to correct any shortfall and in the event of a shortfall, DPD shall be provided with a plan, reasonably acceptable to DPD, to correct any shortfall.

6     Project Operations. Each of the representations, warranties and covenants relating to completing, owning, operating and/or maintaining the Project and made by CTA in agreements evidencing the Other Financing shall be deemed to be incorporated by reference into this Agreement as additional representations, warranties and/or covenants, as applicable, made by CTA to the City throughout the Term of the Agreement or, if applicable, such shorter time period as may be specified in the applicable agreement evidencing the Other Financing.

7     Davis-Bacon. Every contract for construction of the Project shall contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the United States Secretary of Labor pursuant to the Davis-Bacon Act, to all laborers and mechanics employed in the rehabilitation of the Project. The language on Exhibit F will be inserted into the Construction Contract and will be required of the General Contractor to insert into all subcontracts. Upon the City's request, CTA shall provide the City with copies of all such contracts entered into by CTA or the General Contractor to evidence compliance with this Section 8.07.

8     Insurance. The CTA is self-insured. During the term of this Agreement, the CTA shall provide and maintain, at CTA's expense, or cause to be provided, insurance or self-insurance equivalent to the coverages and requirements specified in Section 12.

9     Non-Governmental Charges.

a) Payment of Non-Governmental Charges. Except for the Permitted Liens, CTA agrees to pay or cause to be paid when due any Non-Governmental Charge assessed or imposed upon the Project, the Property or any fixtures that are or may become attached thereto, which creates, may create, or appears to create a lien upon all or any portion of the Property, the Project, or any funds to be used to pay for the Project, including any Other Financing; provided however, that if such Non-Governmental Charge may be paid in installments, CTA may pay the same together with any accrued interest thereon in installments as they

become due and before any fine, penalty, interest, or cost may be added thereto for nonpayment. CTA shall furnish to DPD, within thirty (30) days of DPD's request, official receipts from the appropriate entity, or other proof satisfactory to DPD, evidencing payment of the Non-Governmental Charge in question.

b) Right to Contest. CTA has the right, before any delinquency occurs:

(i) to contest or object in good faith to the amount or validity of any Non-Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted, in such manner as shall stay the collection of the contested Non-Governmental Charge, prevent the imposition of a lien or remove such lien, or prevent the sale or forfeiture of the Property (so long as no such contest or objection shall be deemed or construed to relieve, modify or extend CTA's covenants to pay any such Non-Governmental Charge at the time and in the manner provided in this Section 8.09); or

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

10 CTA's Liabilities. CTA shall not enter into any transaction that would materially and adversely affect its ability to perform its obligations hereunder or to repay any material liabilities or perform any material obligations of CTA to any other person or entity. CTA shall immediately notify DPD of any and all events or actions which may materially affect CTA's ability to carry on its business operations or perform its obligations under this Agreement or any other documents and agreements related to the Project.

11 Compliance with Laws. To the best of CTA's knowledge, after diligent inquiry, the Property and the Project are and shall be in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, executive orders and codes pertaining to or affecting the Project and the Property. Upon the City's request, CTA shall provide evidence satisfactory to the City of such compliance.

12 Recording and Filing. The City shall cause this Agreement (or, in the City's sole discretion, a memorandum of this Agreement), certain exhibits (as specified by Corporation Counsel), all amendments and supplements hereto to be recorded and filed against the Property in the conveyance and real property records of the county in which the Project is located and the related fees and charges shall be included in the City Closing Costs.

13 Annual Report. Beginning with the issuance of the Certificate of Completion and continuing throughout the Term of the Agreement, CTA shall submit to DPD the Annual Compliance Report within 90 days after the end of the calendar year to which the Annual Compliance Report relates.

14 Inspector General. It is the duty of CTA and the duty of any bidder, proposer, General Contractor, contractor, subcontractor, and every applicant for certification of eligibility for a City contract or program, and all of CTA's corporate authorities, officers, directors, agents, representatives, and employees and any such bidder, proposer, General Contractor, contractor, subcontractor or such applicant: (a) to cooperate with the Inspector General in any investigation or hearing undertaken pursuant to Chapter 2-56 of the Municipal Code and (b) to cooperate with the Legislative Inspector General in any investigation undertaken pursuant to Chapter 2-55 of the Municipal Code. CTA represents that it understands and will abide by applicable

provisions of Chapters 2-56 and 2-55 of the Municipal Code, and that it will inform General Contractors of this provision and require their compliance.

#### 15 FOIA and Local Records Act Compliance.

(a) FOIA. The CTA acknowledges that the City and CTA both are subject to the Illinois Freedom of Information Act, 5 ILCS 140/1 et. seq., as amended ("FOIA"). The FOIA requires subject entities to produce records (very broadly defined in FOIA) in response to a FOIA request in a very short period of time, unless the records requested are exempt under the FOIA. If the CTA receives a request from the City to produce records within the scope of FOIA, then the CTA covenants to respond to such request within 48 hours of the date of such request. Depending on

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the scope of the FOIA, CTA reserves the rights to claim the exemptions to which it is entitled on its documents as well as all extensions permitted by law and with the agreement of the FOIA requestor.

b) Exempt Information. Documents that the CTA submits to the City under Section 8.13 (Annual Compliance Report) or otherwise during the Term of the Agreement that contain trade secrets and commercial or financial information may be exempt if disclosure would result in competitive harm. However, for documents submitted by the CTA to be treated as a trade secret or information that would cause competitive harm, FOIA requires that CTA mark any such documents as "proprietary, privileged or confidential." If the CTA marks a document as "proprietary, privileged and confidential", then DPD will evaluate whether such document may be withheld under the FOIA. DPD, in its discretion, will determine whether a document will be exempted from disclosure, and that determination is subject to review by the Illinois Attorney General's Office and/or the courts. DPD will use reasonable efforts to inform CTA if a document would not be exempted from disclosure.

c) Local Records Act. The CTA acknowledges that each of the City and the CTA are subject to the Local Records Act, 50 ILCS 205/1 et. seq, as amended (the "Local Records Act"). The Local Records Act provides that public records may only be disposed of as provided in the Local Records Act. If requested by the City, the CTA covenants to use its best efforts consistently applied to assist the City in its compliance with the Local Records Act. CTA will notify the City if such a request may conflict with CTA's obligations as an entity subject the Local Records Act.

16 Compliance with CTA Multi-Project Labor Agreement. CTA will comply with its Multi-Project Labor Agreement attached hereto as Exhibit G.

17 Survival of Covenants. All warranties, representations, covenants and agreements of CTA contained in this Section 8 and elsewhere in this Agreement shall be true, accurate and complete at the time of CTA's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and shall be in effect throughout the Term of the Agreement.

### SECTION 9. COVENANTS/REPRESENTATIONS AND WARRANTIES OF CITY

1 General Covenants. The City represents that it has the authority under the Act and as a home rule unit of local government to execute and deliver this Agreement and to perform its obligations hereunder. The execution, delivery and performance by City of this Agreement has been duly authorized by all necessary action of the City Council and all other necessary corporate authorities, and does not and will not violate any applicable provision of law, or constitute a breach of or default under, or require any consent under, any agreement, instrument or document to which City is now a party or by which City is now or may become bound.

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

## SECTION 10. CTA'S OBLIGATIONS FOR DBE PROGRAM AND WORKFORCE DIVERSITY

10.01. DBE Commitment. In accordance with the requirements of Section 50 of the Metropolitan Transit Authority Act (70 ILCS 3605/50), CTA has established and maintains a Disadvantaged Business Enterprise ("DBE") contracting program designed to ensure non-

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discrimination in the award and administration of all of its contracts. In addition, because the construction of the Project involves use of federal funds, with respect to all work performed under the Project, CTA will comply with the CTA's federally approved DBE program and goals and with the DOT regulations set forth at 49 CFR Part 26 and related regulations and guidance, as it pertains to the participation of DBEs in federally funded contracts. CTA will be establishing a DBE goal for the Project, which may be subject to approval by the FTA. To assist, CTA has engaged a consultant who will conduct a Project-specific DBE availability study, which will examine all of the DBEs in the market and their availability and capacity to perform Project work. In addition, the consultant will make recommendations to maximize DBE participation on the Project. The results of the study will inform the DBE goal for the Project. CTA will promptly inform the City of recommendations made by the consultant, the DBE goal CTA recommends for the Project and the DBE goal for the Project approved by the FTA.

For purposes of the Construction Contract, CTA additionally will do the following to enhance diverse and robust DBE participation:

a) Each proposer will be required to submit a diversity outreach plan narrating its proposed, detailed commitment for outreach to certified or potentially certifiable DBEs and utilization of DBEs in performance of the Construction Contract and mentoring opportunities that will be provided, as well as the timeline for all aspects of the proposer's plan. Proposers will be instructed to include innovative and aggressive strategies;

b) Each proposer as part of its diversity outreach plan submission will also be asked to provide its history of compliance with DBE goals and commitments on other federally funded contracts;

c) Each proposer will also be asked as part of the diversity outreach plan for the Construction Contract to identify its anticipated use of and investment in minority-owned financial institutions or community banks and minority qualified money managers;

d) A proposer's diversity outreach plan will be scored as part of the evaluation criteria that determines the ultimate Construction Contract award and will be added as a contract requirement for the proposer which is awarded the Construction Contract; and

e) Each proposer will be required to identify a qualified person or persons with DBE program management experience who will have overall responsibility for DBE and other workforce diversity compliance and who will be responsible for ensuring compliance with all aspects of the proposer's diversity outreach plan including the compilation and delivery of all reports within the contractual timelines required for same under the Construction Contract including required reports of DBE participation; and

f) CTA will on its own competitively procure as necessary additional consulting services for DBE outreach, training, informational events and monitoring and reporting of DBE participation.

10.02 Equal Employment Opportunity. CTA, on behalf of itself and its successors and assigns, hereby agrees, and shall contractually obligate its General Contractor on its own behalf and on behalf of its subcontractors (collectively, with CTA, the "Employers" and individually an "Employer") to agree, that for the Term of the Agreement with respect to CTA and during the period of any other party's provision of services in connection with the construction of the Project:

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

b) 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.

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

d) Each Employer shall include the foregoing provisions of subparagraphs (a) through (c) 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, so that each such provision shall be binding upon each contractor, or subcontractor, as the case may be.

e) Failure of CTA to comply with the employment obligations described in this Section 10.02 shall be a basis for the City to pursue remedies under the provisions of Section 15.02 hereof.

10.03 Workforce Diversity. To the greatest extent feasible and to the greatest extent permitted by federal law at the time the Construction Contract for the Project is procured, it will present opportunities for training and employment of low- and moderate-income residents of the City; and provide that subcontracts 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. In the event that federal law does not allow such an approach at the time the Construction Contract is procured, the CTA will do the following in the context of requirements in the Construction Contract to maximize



workforce diversity:

(a) Workforce Innovation and Opportunity Act ("WIOA"). CTA will utilize its 2013 Multi-Project Labor Agreement ("PLA") (attached as Exhibit G hereto) which requires participating unions to work with contractors to provide work opportunities and training for low income and unemployed workers. Specifically, CTA's PLA requires that the Building Trades Council cooperate with the CTA's construction contractors to achieve an established goal that a certain percentage of the total billed

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man hours for construction craft labor billed by all contractors and subcontractors during the course of a project be filled by qualified economically disadvantaged and/or dislocated worker applicants meeting the requirements of WIOA and who participate in the training and skill development programs administered by the participating unions. The General Contractor will meet the goal by hiring and utilizing WIOA-certified individuals on their workforce as well as requiring the same of its subcontractors on the Construction Contract. Failure to meet the goal and failure to demonstrate sufficient and reasonable good faith efforts as determined by the CTA may result in the assessment of liquidated damages in addition to other remedies available pursuant to the Construction Contract. CTA will be establishing a WIOA goal for the Construction Contract.

(b) In addition to its WIOA commitment, each proposer will be required to submit as part of its diversity outreach plan a detailed plan for coordinating workforce development, apprenticeship and training opportunities to attract and train a diverse workforce pool. The diversity outreach plan will also describe the proposer's outreach initiatives for recruiting, training and hiring for the contract. Compliance with the plan presented by the winning bidder on the Construction Contract will become part of the contractual requirements with timely reports provided by the General Contractor as detailed in Section 10.01(e) above.

10.04 Additional Workforce and DBE Opportunities. CTA will on its own competitively procure as necessary additional services to coordinate with the General Contractor and subcontractors on the Construction Contract and maximize efforts and outreach for potential trainees and hires in the communities that will be impacted by the Project, including but not limited to those individuals considered disadvantaged or dislocated under the WIOA. In addition, CTA may procure additional services for communication and coordination with the residents and businesses of communities affected by Project construction.

## SECTION 11. ENVIRONMENTAL MATTERS

In accordance with the National Environmental Policy Act of 1969 (NEPA), CTA and the FTA have published two Environmental Assessments (EAs) for two of the RPM Phase One projects: the Lawrence to Bryn Mawr Modernization Project (published April 29, 2015) and the Red-Purple Bypass Project (published May 19, 2015). The EAs explore, in coordination with the public involvement process, the effects of implementing their respective projects on the physical, human, and natural environments along the corridor and at station locations. FTA issued a Findings of No Significant Impact (FONSI) for the Lawrence to Bryn Mawr Modernization Project on October 1, 2015 and for the Red-Purple Bypass Project on October 29, 2015. FTA and CTA documented the corridor signal and power Improvements and the interim and advance infrastructure improvements as listed, categorically excluded actions on July 15, 2015. The City reserves the right to require, at CTA's expense, additional environmental studies if the City reasonably deems them necessary. The CTA hereby represents and warrants to the City that CTA has conducted environmental studies sufficient to conclude that the Project may be constructed, completed and operated in accordance with all Environmental Laws and this Agreement and all Exhibits attached hereto and the Redevelopment Plan.

Without limiting any other provisions hereof, CTA agrees to indemnify, defend and hold the City harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses or claims of any kind whatsoever including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Laws incurred, suffered by or asserted against the City as a direct or indirect result of any of the following,

regardless of whether or not caused by, or within the control of CTA: (i) the presence of any Hazardous Material on or under, or the escape, seepage, leakage, spillage, emission, discharge or release of any

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Hazardous Material from (A) all or any portion of the Property or (B) any other real property in which CTA, or any person directly or indirectly controlling, controlled by or under common control with CTA, holds any estate or interest whatsoever (including, without limitation, any property owned by a land trust in which the beneficial interest is owned, in whole or in part, by CTA), or (ii) any liens against the Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligation of the City or CTA under any Environmental Laws relating to the Property.

## SECTION 12. INSURANCE

CTA is self insured for the insurance requirements specified in Exhibit K and bears the risk of loss for any loss which would otherwise be covered by insurance policies. At the times indicated in Exhibit K, CTA shall submit a letter or memorandum of insurance confirming the use of self insurance for the Project, or Certificates of Insurance of the required coverages, for compliance with these requirements, to the following address: City of Chicago, Comptroller's Office, Federal Funds Insurance Unit, 33 North LaSalle Street, Room 800, Chicago, Illinois 60602.

## SECTION 13. INDEMNIFICATION

13.01 General Indemnity. CTA agrees to indemnify, pay, defend and hold the City, and its elected and appointed officials, employees, agents and affiliates (individually an "Indemnatee," 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 Indemnitees shall be designated a party thereto), that may be imposed on, suffered, incurred by or asserted against the Indemnitees in any manner relating or arising out of:

i) CTA's failure to comply with any of the terms, covenants and conditions contained within this Agreement; or

ii) CTA's or any contractor's failure to pay General Contractors, subcontractors or materialmen in connection with the TIF-Funded Improvements or any other Project improvement; or

iii) the existence of any material misrepresentation or omission in this Agreement, the Redevelopment Plan or any other document related to this Agreement that is the result of information supplied or omitted by CTA or its corporate authorities, agents, representatives, employees, contractors or persons acting under the control or at the request of CTA; or

iv) CTA's failure to cure any misrepresentation in this Agreement or any other agreement relating hereto;

provided, however, that CTA shall have no obligation to an Indemnatee arising from the wanton or willful misconduct of that Indemnatee. To the extent that the preceding sentence may be unenforceable because it is violative of any law or public policy, CTA shall contribute the maximum portion that it is permitted to pay and satisfy under the applicable law, to the payment and satisfaction of all indemnified liabilities incurred by the Indemnitees or any of them. The provisions of

the undertakings and indemnification set out in this Section 13.01 shall survive the termination of this Agreement.

#### SECTION 14. MAINTAINING RECORDS/RIGHT TO INSPECT

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

14.02 Inspection Rights. Upon three (3) business days' notice, any authorized representative of the City has access to all portions of the Project and the Property during normal business hours for the Term of the Agreement assuming that such representatives of the City first adhere to all applicable CTA requirements and training, including rail safety training.

#### SECTION 15. DEFAULT AND REMEDIES

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

a) the failure of CTA to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of CTA under this Agreement or any related agreement, including without limitation agreements related to Other Financing;

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

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

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

e) the commencement of any proceedings in bankruptcy by or against CTA or for the liquidation or reorganization of CTA, or alleging that CTA is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of CTA's debts, whether under the United States Bankruptcy Code or under any other state or federal law, now or hereafter existing for the relief of debtors, or the commencement of any analogous statutory or non-statutory

proceedings involving CTA; 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;

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(f) the appointment of a receiver or trustee for CTA, for any substantial part of CTA's assets or the institution of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of CTA; 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;

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

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

(i) the dissolution of CTA; or

(j) prior to the expiration of the Term of the Agreement, the actual or attempted sale, transfer, lease, or conveyance, of any Property (or improvements thereon) or any TIF-Funded Improvement, other than in the Ordinary Course of Business, without the prior written consent of DPD and, if applicable under Section 8.01 (i), unless authorized by an ordinance duly adopted by the City Council.

2 Remedies. Upon the occurrence of an Event of Default and CTA's failure to cure within the curative periods described in Section 15.03, the City may terminate this Agreement, suspend disbursement of City Funds, and seek reimbursement of any City Funds paid. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to damages, injunctive relief or the specific performance of the agreements contained herein.

3 Curative Period. In the event CTA shall fail to perform a monetary covenant which CTA is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless CTA has failed to perform such monetary covenant within thirty (30) days of its receipt of a written notice from the City specifying that it has failed to perform such monetary covenant. In the event CTA shall fail to perform a non-monetary covenant which CTA is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless CTA has failed to cure such default within ninety (90) 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 ninety (90) day period, CTA 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 ninety (90) day period and thereafter diligently and continuously prosecutes the cure of such default until the same has been cured.

## SECTION 16. [INTENTIONALLY OMITTED]

#### SECTION 17. NOTICE

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

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

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

**If to CTA:** Chicago Transit Authority 567 W. Lake Street Chicago, IL 60661 (312) 681-5000 (312) 681-5005 (Fax) Attention: President

With Copies To: General Counsel Chicago Transit Authority 567 W. Lake Street Chicago, IL 60661 (312) 681-2900 Attention: General Counsel

Such addresses may be changed by notice to the other parties given in the same manner provided above. Any notice, demand, or request sent pursuant to either clause (a) or (b) hereof shall be deemed received upon such personal service or upon dispatch. Any notice, demand or request sent pursuant to clause (c) shall be deemed received on the business day immediately following deposit with the overnight courier and any notices, demands or requests sent pursuant to subsection (d) shall be deemed received two (2) business days following deposit in the mail.

#### SECTION 18. MISCELLANEOUS

18.01 Amendment. This Agreement and the Exhibits attached hereto may not be amended or modified without the prior written consent of the parties hereto. 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 18.01 shall be defined as (i) any deviation from the terms of the Agreement which operates to cancel or otherwise reduce any developmental, construction or workforce obligations of CTA by more than five percent (5%), (ii) materially changes the scope of the Project or the Project site or any activities undertaken by CTA affecting the Project, (iii) increases any time agreed for performance by CTA by more than six months beyond the six-month period referenced in Section 3.04(a), so that the maximum amount by which a CTA deadline may be extended by the City without further City Council approval would be 12 months, (iv) any changes to provisions describing actions requiring City Council approval, including without limitation Sections 8.01 (i), 15.01(j), 18.01 and 18.14(b), and/or (v) any changes to the CTA Debt Parameters, provided that the City may, in its sole and absolute

discretion, (a) provide both an Increment Coverage Ratio and Increment Debt Service Reserve and (b) change the Interest Rate to a rate that does not exceed 8% per year.

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 either party shall be personally liable to the other party or any successor in interest in the event of any default or breach by such party or for any amount which may become due to the other party from such party or any successor in interest or on any obligation under the terms of this Agreement.

4        **Further Assurances.** Each party 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 CTA 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 CTA 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 a party 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 party.

8        **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.

9        **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.

10       **Conflict.** In the event of a conflict if any between any provisions of this Agreement and the provisions of the TIF Ordinances such ordinance(s) shall prevail and control.

11       **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.

12       **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.

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

consents and determinations of satisfaction, granting the Certificate of Completion or otherwise administering this Agreement for the City, other than with respect to changes to the CTA Debt Parameters. The Chief Financial Officer of the City or other person designated by the Mayor of the City shall act for the City in making all approvals or consents with respect to any changes to the CTA Debt Parameters.

14 Assignment, (a) Pursuant to the CTA Debt Documents, CTA may collaterally assign to the CTA Debt Lender the right to receive payments under the City Note, pursuant to a form of assignment acceptable to the City in its sole discretion. Such form of assignment shall include, without limitation, (a) wire transfer instructions for the CTA Debt Lender (if CTA is requesting that the City make payments under the City Note directly to the CTA Debt Lender), and (b) an acknowledgement by the CTA Debt Lender that such assignment is made only for collateral purposes under the CTA Debt, that the CTA Debt Lender has no rights under this Agreement and the CTA Debt Lender shall not attempt to sell, assign, transfer, participate, market or otherwise attempt to convey any ownership interest in the City Note.

(b) Except as described in Section 18.14(a), CTA may not sell, assign or otherwise transfer its interest in this Agreement or the City Note in whole or in part unless authorized by an ordinance duly adopted by the City Council. Without limiting the City's discretion, the City will not consent to any assignment of its rights or obligations under this Agreement, unless the assignee shall certify in writing to the City its agreement to abide by all remaining executory terms of this Agreement, for the Term of the Agreement. CTA consents to the City's sale, transfer, assignment or other disposal of this Agreement at any time in whole or in part.

15 Binding Effect. This Agreement shall be binding upon CTA, the City and their respective successors and permitted assigns (as provided herein) and future owners of the Property and shall inure to the benefit of CTA, the City and their respective successors and permitted assigns (as provided herein). The covenants in Sections 5.04 and 5.05, Article 8 and Articles 10 through 14 are covenants that run with the land and are intended to be binding upon any transferee or future owner of the Property throughout the Term of the Agreement notwithstanding the issuance of a Certificate of Completion. 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.

16 Force Majeure. Neither the City nor CTA 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

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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.

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

18 Costs and Expenses. In addition to and not in limitation of the other provisions of this Agreement, CTA 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. CTA also will pay any court costs, in addition to all other sums provided by law.

19 Business Relationships. CTA acknowledges, to the extent applicable, (A) receipt of a copy of Section 2-156-030 (b) of the Municipal Code, (B) that CTA 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 that creates a "Financial Interest" (as defined in Section 2-156-010 of the Municipal Code)(a "Financial Interest"), 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 that creates a Financial Interest, 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 that creates a Financial Interest, 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. CTA 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.

20 Partial Release of Agreement. In connection with CTA's sale of Property in the Ordinary Course of Business, the City agrees to execute and consent to the recording of a partial release, in form and substance satisfactory to the City in its reasonable discretion, of the portion of this Agreement recorded against such Property; provided, however, that this Agreement shall continue in effect without amendment or modification with respect to all other portions of the Property other than such Property sold in the Ordinary Course of Business.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

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

CHICAGO TRANSIT AUTHORITY, An Illinois  
municipal corporation

By:



Its: President

CITY OF CHICAGO  
An Illinois municipal corporation

By:  
Its: Commissioner,  
Department of Planning and Development

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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 Chicago Transit Authority, an Illinois municipal corporation (the  
DCTA"), and personally known to me to be the same person whose name is subscribed to the foregoing

(SEAL)

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STATE OF ILLINOIS COUNTY OF COOK

)  
)SS  
)  
, personally known

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

Notary Public

My Commission Expires

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#### EXHIBIT B PROPERTY

[A legal description of the Property approximately described on the attached map will be prepared after the

Closing Date and before the recording of this Agreement based on a review of existing surveys and research conducted in connection with issuance of the Title Policy]

Chicago Transit Authority Chicago, IL

## Project

### EXHIBIT C

#### TIF-FUNDED IMPROVEMENTS

Subject to revision under Section 4.03

<u>Line Item</u>	<u>Estimated Cost</u>
Costs of Studies, Surveys, Plans, etc.	\$3,000,000
Property Assembly and Site Preparation	\$30,760,000
Rehabilitation of Existing Public Buildings, Fixtures, Improvements	\$7,050,000
Construction of Public Facilities and Improvements	\$582,220,000
Job Training	\$200,000
Financing Costs	\$150,000
Relocation Costs	\$1,570,000
CTA Interest Costs	\$50,000

\*TOTAL \$625,000,000

**\*Notwithstanding the total of TIF-Funded Improvements or the amount of Redevelopment Project Costs incurred that might otherwise be eligible under the Act, the City Funds to be provided by the City are limited to the amount described in Section 4.03.**

## EXHIBIT D CTA DEBT PARAMETERS

Parameter	TIFIA Loan	CTA Sales Tax Bonds
Term	not to exceed 35 years	not to exceed 35 years
Interest Rate(*)	not to exceed 6.25 percent per year	not to exceed 6.25 percent per year
Security or collateral	None, other than pledge of CTA farebox revenue	None, other than pledge of CTA sales tax revenue
Redemption or prepayment provisions	Prepayment permitted in whole or in part without premium or penalty at any time subject to minimum prepayment amount of \$1,000,000	Early redemption in whole or in part at par permitted at anytime subject to minimum redemption amount to be determined based on market conditions at the time of issuance
<b>Either Increment Coverage Ratio or Increment Debt Service Reserve (**)</b>	Minimum required ratio of up to 1.5X not to exceed the least of (a) the highest future payment under the CTA Debt Service Schedule in any calendar year including the calendar year in which the date of computation falls; (b) 10 percent of the original principal amount of the CTA Debt; or (c) 125 percent of the average annual payment under the CTA Debt Service Schedule	Minimum required ratio of up to 1.5X not to exceed the least of (a) the highest future payment under the CTA Debt Service Schedule in any calendar year including the calendar year in which the date of computation falls; (b) 10 percent of the original principal amount of the CTA Debt; or (c) 125 percent of the average annual payment under the CTA Debt Service Schedule
Principal Amount	\$622,000,000 reduced by the amount of any Pay-As-You-Go Funds	\$622,000,000 maximum amount, including premium, reduced by the amount of any Pay-As-You-Go Funds
Amortization	As close to level debt service schedule as possible consistent with coverage requirements and based on projections of Available Incremental Taxes ("Projections"). Deferred amortization only permitted to the extent required by the Projections in the first 5 years of the Area.	As close to level debt service schedule as possible consistent with coverage requirements and based on Projections. Deferred amortization only permitted to the extent required by the Projections in the first 5 years of the Area.
Other		No capital appreciation bonds,

convertible bonds or similar structure

(\*) in accordance with Sections 18.01 and 18.13, the City may agree to change the Interest Rate to a rate that does not exceed 8% per year.

(\*\*) in accordance with Sections 18.01 and 18.13, the City may agree to provide both an Increment Coverage Ratio and an Increment Debt Service Reserve.





By:

Name

Title:

Subscribed and sworn before me this      day of

My commission expires:

Agreed and accepted:

Name

Title:

City of Chicago

Department of Planning and Development

EXHIBIT F

DAVIS-BACON PROVISIONS

**Davis-Bacon Act.**

**1. Minimum Wages.**

- a. All mechanics and laborers employed or working upon the Project Site, (or under the United States Housing Act of 1937 or under the Housing Act of 1949 in the construction or development of the Project), will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR, Part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at the time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor, which is attached hereto as Part III Article 3 and made a part hereof, regardless of any contractual relationship that may be alleged to exist between the Contractor and such laborers and mechanics.

Contributions made or costs reasonably anticipated for bona fide fringe benefits under Section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of Subsection 1 .d. of this Section; also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds or programs that cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics must be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in 29 CFR Section 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: Provided, that the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under 1b of this Section 18.17) and the Davis-Bacon poster (WH-1321) must be posted at all times by the Contractor and its Subcontractors at the Project Site in a prominent and accessible place where it can be easily seen by the workers.

- b. (1) The General Manager, Purchasing will require that any class of laborers or mechanics that is not listed in the wage determination and that is to be employed under the Contract be classified in conformance with the wage determination. The General Manager, Purchasing will approve an additional classification and wage rate and fringe benefits therefore only when the following criteria have been met:

The work to be performed by the classification requested is not performed by a classification in the wage determination;

The classification is utilized in the area by the construction industry; and

The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

- (2) If the Contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and the General Manager, Purchasing agree On the

classification and wage rate (including the amount designated for fringe benefits where appropriate), a report of the action taken will be sent by the General Manager, Purchasing to the Administrator of the Wage and Hour Division, Employment Standards Administration, Washington, DC, 20210. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification action within thirty (30) days of receipt and so advise the General Manager, Purchasing or will notify the General Manager, Purchasing within the 30-day period that additional time is necessary.

In the event the Contractor, the laborers or mechanics to be employed in the classification or their representatives, and the General Manager, Purchasing do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), the General Manager, Purchasing will refer the questions, including the views of all interested parties and the recommendation of the General Manager, Purchasing to the Administrator for determination. The Administrator, or an authorized representative, will issue a determination within thirty (30) days of receipt and so advise the General Manager, Purchasing or will notify the General Manager, Purchasing within the 30-day period that additional time is necessary.

The wage rate (including fringe benefits where appropriate) determined pursuant to Subsection 1.b. paragraphs (2) and (3) of this Section, must be paid to all workers performing work in the classification under this Contract from the first day on which work is performed in the classification.

Whenever the minimum wage rate prescribed in the Contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the Contractor must either pay the benefit, as stated in the wage determination or must pay another bona fide fringe benefit or an hourly cash equivalent thereof.

If the Contractor does not make payments to a trustee or other third person, the Contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program, provided, that the Secretary of Labor has found, upon the written request of the Contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the Contractor to set aside in a separate account assets for the meeting of obligations under the plan or program.

Withholding. The Authority will upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld from the Contractor under this Contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Davis-Bacon prevailing wage requirements, which is held by the same prime contractor, so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees, and helpers, employed by the Contractor or any Subcontractor the full amount of wages required by the Contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee, or helper, employed or working on the Project Site of the work (or under the United States Housing Act of 1937 or under the Housing Act of 1949 in the construction or development of the Project), all or part of the wages required by the Contract, the Authority may, after written notice to the Contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased.

#### **Payrolls and Basic Records.**

Payrolls and basic records relating thereto must be maintained by the Contractor during the course of the work and preserved for a period of three (3) years thereafter for all laborers and mechanics working at the Project Site (or under the United State Housing Acts of 1937, or under the Housing Act of 1949, in the construction or development of the project).

Such records must contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in Section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5 (a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in Section 1 (b)(2)(B) of the Davis-Bacon Act, the Contractor must maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs must maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

(1) The Contractor must submit weekly for each week in which any Work is performed, a copy of all payrolls to the Authority. The payrolls submitted must set out accurately and completely all of the information required to be maintained under §5.5(a)(3)(i) of Regulations, 29 CFR Part 5, except that full social security numbers and home addresses shall not be included on weekly transmittals. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number). This information may be submitted in any form desired. Optional form WH-347 is available for this purpose from the Wage and Hour Division Web site at <<http://www.dol.gov/esa/whd/forms/wh347instr.htm>> or its successor site.. The Contractor is responsible for the submission of copies of payrolls by all Subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker, and shall provide them upon request to the Authority, the FTA, the Contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this section for the Contractor to require a subcontractor to provide addresses and social security numbers to the Contractor for its own records, without weekly submission to the Authority.

Each payroll submitted must be accompanied by a "Statement of Compliance," signed by the Contractor or Subcontractor or his or her agent who pays or supervises the payment of the persons employed under the Contract and must certify the following:

that the payroll for the payroll period contains the information required to be maintained under §5.5(a)(3)(i) of Regulations, 29 CFR Part 5, and that such information is correct and complete;

that each laborer or mechanic (including each helper, apprentice, and trainee) employed on the Contract during the payroll period has been paid the full weekly wages earned, without

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rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in Regulations, 29 CFR Part 3; and that each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the Contract.

3) The weekly submission of properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirements for submission of the "Statement of Compliance" required by 3b (2) of Section 18.17 of this Contract.

4) The falsification of any of the above certifications may subject the Contractor or subcontractor to civil or criminal prosecution under section 1001 Title 18 and Section 231 of Title 31 of the United States Code.

- c. The Contractor or subcontractor must make the records required under Subsection 3, paragraph a of this Section available for inspection, copying, or transcription by authorized representatives of the Federal Transit Administration, or the Department of Labor, and must permit such representatives to interview employees during working hours on the job. If the Contractor or Subcontractor fails to submit the required records or to make them available, the Federal agency may, after written notice to the Contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12

#### **4. Apprentices and Trainees.**

- a. Apprentices - Apprentices will be permitted to work at less than the predetermined rate for the work they perform when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services or with a State Apprenticeship Agency recognized by the Bureau, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Office of Apprenticeship and Training, Employer and Labor Services or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification must not be greater than the ratio permitted to the Contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above, must be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program must be paid not less than the applicable wage rate on the wage rate determination for the work actually performed. Where the Contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeymen's hourly rate) specified in the Contractor's or Subcontractor's registered program must be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeymen's hourly rate specified in the applicable wage

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determination. Apprentices must be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator of the Wage and Hour Division of the U.S. Department of Labor determines that a different practice prevails for the applicable apprentice classification, fringe benefits must be paid in accordance with that determination. In the event the Office of Apprenticeship Training, Employer and Labor Services or a State Apprenticeship Agency recognized by the Bureau, withdraws approval of an apprenticeship program, the Contractor will no longer be permitted to use apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

Trainees - Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification, by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the Project Site must not be greater than permitted under the plan provided by the Employment and Training Administration. Every

trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeymen's hourly rate specified in the applicable wage determination. Trainees must be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees must be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeymen's wage rate on the wage determination that provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate, that is not registered and participating in a training plan approved by the Employment and Training Administration, must be paid not less than the applicable wage rate on the wage determination for the classification for work actually performed. In addition, any trainee performing work on the Project Site in excess of the ratio permitted under the registered program must be paid not less than the applicable wage rate on the wage determination for the work actually performed. In the event that the Employment and Training Administration withdraws approval of a training program, the Contractor will no longer be permitted to use trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

**Equal Employment Opportunity:** The use of apprentices, trainees, and journeymen under 29 CFR 5.16 shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR Part 30.

**Compliance With Copeland Act Requirements -** The Contractor must comply with the requirements of 29 CFR Part 3, which are incorporated by reference in this Contract.

**Subcontracts -** The Contractor or Subcontractor must insert in any subcontracts the clauses contained in 29 CFR 5.5(a)(1) through (10) and such other clauses as the Authority or Federal Transit Administration may by appropriate instructions require, and also a clause requiring the Subcontractors to include these clauses in any lower tier subcontracts. The Contractor shall be responsible for the compliance by any Subcontractor or lower tier Subcontractor with all the contract clauses in 29 CFR 5.5.

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7. **Contract Termination Debarment -** A breach of the Contract clauses in 29 CFR 5.5 may be grounds for termination of the contract, and for debarment as a Contractor and a Subcontractor as provided in 29 CFR 5.12.
8. **Compliance With Davis-Bacon and Related Act Requirements -** All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR Parts 1, 3, and 5 are herein incorporated by reference.
9. **Disputes Concerning Labor Standards -** Disputes arising out of labor standards provisions of this Contract shall not be subject to the general disputes clause of this Contract, PART 2, Article 16. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR Parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the Contractor (or any of its Subcontractors) and the contracting agency, the U.S. Department of Labor, or the employees or their representatives.
10. **Certification of Eligibility -**
  - a. By entering into this Contract, the Contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the Contractor's firm is a person or firm ineligible to be awarded

Government contracts by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

- b. No part of this Contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12 (a)(1).
- c. **The penalty for making false statements is prescribed in the United States Criminal Code, 18 U.S.C. 1001.**

EXHIBIT G

CTA MULTI-PROJECT LABOR AGREEMENT (Attached)

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## **EXHIBIT G**

### **CHICAGO TRANSIT AUTHORITY MULTI-PROJECT LABOR AGREEMENT**

This Multi-Project Labor Agreement ("Agreement") is entered into by and between the Chicago Transit Authority ("Owner" or "CTA"), on behalf of itself and each of its contractors, subcontractors of whatsoever tier performing construction work on any project to which this Agreement shall be applicable, and each of the undersigned labor organizations signatory hereto.

Whereas, from time to time CTA undertakes certain construction and maintenance projects on its property (hereinafter referred to as the "Projects"), and because of the size, scope, complexity, cost and duration of these Projects, their impact on the quality of life, and the availability of a skilled workforce, the parties to this Agreement have determined that it is in the their interest to have the Projects completed in the most timely, productive, economical and orderly manner possible, with concern for the safety of the public, and without labor disruptions of any kind that might



interfere with, or delay, the Projects;

Whereas, the parties have determined that it is desirable to eliminate the potential for friction and disruption of these Projects by using their best efforts and ensuring that all work is performed by the trade unions that are signatory hereto and which have traditionally performed and have trade and geographic jurisdiction over such work. Experience has proven the value of such cooperation, and that such mutual undertakings should be maintained, and if possible, strengthened, and that the ultimate beneficiaries remain the owners of the project;

Whereas, the parties agree that Owner has a proprietary right to protect its investment in its construction projects, to protect its citizen's investment in the planning, execution and management of capital projects, and that these types of agreements in this locality have a proven track record of being an effective tool for these purposes;

Whereas, the parties recognize that these agreements provide for training and apprenticeship opportunities in programs recognized by the U.S. Department of Labor as well as enhance safety training; and.

Whereas, CTA acknowledges that it has a serious and ongoing concern regarding labor relations associated with the project and through its completion irrespective of the existence of a collective bargaining relationship with any of the signatory labor organizations.

NOW THEREFORE, in order to further these goals and objectives and to maintain the spirit of harmony, labor-management cooperation and stability, the parties agree as follows:

1. During the term of this Agreement, Owner, General Contractor or Construction Manager shall not contract or subcontract, nor permit any other person, firm, company, or entity to contract or subcontract, any construction, demolition, rehabilitation or renovation work for the Project work covered under this Agreement or within the trade jurisdiction of the signatory labor organization, to be performed at the Site of construction or off site solely for installation at the Site unless such work is performed only by a person, firm or company signatory, or willing to become signatory, to the applicable area-wide collective bargaining agreement(s) with the union(s) or the appropriate trade/craft union(s) or subordinate body or affiliate of the Chicago & Cook

County Building & Construction Trades Council ("Council") or the Teamsters' Joint Council No. 25. Copies of all such current collective bargaining agreements constitute Appendix "A" of this Agreement, attached hereto and made an integral part hereof, and as may be modified from time to time during the term of this Agreement. Said provisions of this Agreement shall be included in all Requests for Bids and/or Proposals and shall be explicitly included in all contracts or subcontracts of whatsoever tier by all contractors and subcontractors, except as provide herein. Notwithstanding the foregoing, this Agreement shall not apply to work performed under CTA's Job Order Contracting ("JOC") program; to routine maintenance contracted by CTA for certain minor capital repair projects; and to work contracted directly by commercial lessees of various CTA facilities.

2. With respect to a contractor or subcontractor who is the successful bidder, but is not signatory to the applicable collective bargaining agreement, the collective bargaining agreement(s) executed by said bidder shall be the relevant area-wide agreement(s) regulating or governing wages, hours and other terms and conditions of employment.

3. During the term of this Agreement, Project contractors and sub-contractors shall engage in no lockout at the Site.

4. During the term of this Agreement, no labor organization signatory hereto, or any of its members, officers, stewards, agents, representatives, or employees shall instigate, authorize, support, sanction, maintain, or participate in any

strike, walkout, work stoppage, work slowdown, work curtailment, cessation or interruption of production, or in any picketing of the Site for any reason whatsoever, including but not limited to the expiration of any of the collective bargaining agreements referred to in Appendix A. In the event of an economic strike or other job action upon the termination of an existing collective bargaining agreement, in no event shall any adverse job action be directed against the Project Site. Rather, all provisions of the subsequently negotiated collective bargaining agreement shall be retroactive for all employees working at the Project Site.

5. Each Union signatory hereto agrees that it will use its best efforts to prevent any of the acts forbidden in Paragraph 4, and that in the event any such act takes place or is engaged in by any employee or group of employees, each Union signatory hereto further agrees that it will use its best efforts (including its full disciplinary power under its Constitution and/or By-Laws) to cause an immediate cessation thereof.

6. Any contractor of subcontractor signatory or otherwise bound stipulated or required to abide by and to any provisions of this Agreement shall have the right to discharge or discipline any employee who violates the provisions of this Agreement. Such discharge or discipline by a contractor or subcontractor shall be subject to the Grievance/Arbitration procedure of the applicable collective bargaining agreement only as to the fact of such employee's violation of this Agreement. If such fact is established, the penalty imposed shall not be disturbed. Work at the Site shall continue without disruption or hindrance of any kind during any Grievance/ Arbitration procedure.

7. The parties expressly authorize a court of competent jurisdiction to order appropriate injunctive relief to restrain any violation of this Agreement, any form of self-help remedy is expressly forbidden. Nothing in the foregoing shall restrict any party to otherwise judicially enforce any provision of its collective bargaining agreement between any labor organization and a contractor with whom it has a collective bargaining relationship.

8. This Agreement shall become effective, and shall be included or incorporated by reference in the Requests for Proposals or Invitations for Bids issued by the CTA for the Projects described in Paragraph 1, above immediately subsequent to execution by all parties hereto and ratification of this Agreement by the CTA's Board, and shall continue in full force and effect for a period of ten (10) years from the date of ratification by CTA's Board. Notwithstanding the foregoing, either party shall have the option to reopen this Agreement for modification and/or termination by issuing to the other party a written notice thereof, to be delivered not earlier than sixty (60) days and not later than thirty (30) days prior to the fifth (5<sup>th</sup>) anniversary of the effective date of this Agreement.

9. In the event a dispute shall arise between any contractor or subcontractor of the Project and any signatory labor organization and/or fringe benefit fund established under any of the appropriate collective bargaining agreements as to the obligation and/or payment of fringe benefit contributions provided under the collective bargaining agreement, upon proper notice to the contractor(s) or subcontractor(s) by the applicable labor organization or fringe benefit fund and to the Company, an amount sufficient to satisfy the amount claimed shall be withheld from the contractor's or subcontractor's regularly scheduled periodic payment from the Company, or their agents until such time as said claim is resolved.

10. In the event of a jurisdictional dispute by and between any labor organization signatory hereto, such labor organizations shall take all steps necessary to promptly resolve the dispute. In the event of a dispute

relating to trade or work jurisdiction, all parties, including the employers, contractors or subcontractors, agree that a final and binding resolution of the dispute shall be resolved as follows:

a. ) Representatives of the affected trades shall meet on the job site within forty-eight (48) hours after receiving notice in an effort to resolve the dispute. (In the event there is a dispute between local unions affiliated with the same International Union, the decision of the General President, or his/her designee, as the internal jurisdictional authority of that International Union, shall constitute a final and binding decision and determination as to the jurisdiction of work.)

b. ) If no settlement is achieved subsequent to the preceding Paragraph, the matter shall be referred to the Chicago & Cook County Building & Construction Trades Council, which shall meet with the affected trades within forty-eight (48) hours subsequent to receiving notice. An agreement reached at this Step shall be final and binding.

c.) If no settlement agreement is reached during the proceedings contemplated by Paragraph "a" or "b" above, the matter shall be immediately referred to the Joint Conference Board, established by the Standard Agreement between the Construction Employers' Association and the Chicago & Cook County Building & Construction Trades Council, which may be amended from time to time, for final and binding resolution of said dispute. Said Standard Agreement is attached hereto as Appendix "B" and specifically incorporated into this Agreement.

11. This Agreement shall be incorporated into and become part of the collective bargaining agreements between the Unions signatory hereto and contractors and subcontractors. In the event of any inconsistency between this Agreement and any collective bargaining agreement, the terms of this Agreement shall supersede and prevail except for all work performed under the NTL Articles of Agreement, the National Stack/Chimney Agreement, the National Cooling Tower Agreement, all instrument calibration work and loop checking shall be performed under the terms of the UA/IBEW Joint National Agreement for instrument and Control Systems Technicians, and the National Agreement of the International Union of Elevator Constructors with the exception of the content and subject matter of Articles V, VI and VII of the AFL-CIO's Building & Construction Trades Department Model Project Labor Agreement.

12. The parties agree that in the implementation and administration of this Agreement, it is vitally necessary to maintain effective and immediate communication so as to minimize the potential of labor relations disputes arising out of this Agreement. To that end, each party hereto agrees to designate, in writing, a representative to whom problems can be directed which may arise during the term of this Agreement. Within forty-eight (48) hours after notice of the existence of any problem, representatives of each party shall meet to discuss and, where possible, resolve such problems. The representative of the signatory unions shall be Thomas Villanova, or his designee, President of the Chicago & Cook County Building & Construction Trades Council. The representative of CTA shall be designated by the CTA's Chief Administrative Officer.

13. If any provision, section, subsection or other portion of this Agreement shall be determined by any court of competent jurisdiction to be invalid, illegal, or unenforceable in whole or in part, and such determination shall become final, such provision or portion shall be deemed to be severed or limited, but only to the extent required to render the remaining provisions and portions of this Agreement enforceable. This Agreement, as thus amended, shall be enforced so as to give effect to the intention of the parties insofar as that is possible. In addition, the parties hereby expressly empower a court of competent jurisdiction to modify any term or provision of this Agreement to the extent necessary to

comply with existing law and to enforce this Agreement as modified.

14. CTA, on behalf of itself and its contractors and subcontractors, agrees that the applicable substance abuse policy (i.e., drug, alcohol, etc.) applicable to the employees working on the Project shall be that as contained, or otherwise provided for, in the area-wide collective bargaining agreements attached at Appendix "A" to this Agreement. Nothing in the foregoing shall limit the CTA and/or its contractors or subcontractors from instituting its own substance abuse policy governing other employees performing work

on the Project not otherwise covered under this Agreement. In the event there is no substance abuse policy in the applicable collective bargaining agreement, the policy adopted by the Owners and/or General Contractor may apply.

15. The parties recognize a desire to facilitate the entry into the building and construction trades of veterans who are interested in careers in the building and construction industry. These parties agree to utilize the services of the Center for Military Recruitment, Assessment and Veterans Employment (hereinafter referred to as the "Center") and the Center's Helmets to Hardhats program to service as a resource for preliminary orientation, assessment of construction aptitude, referral to apprenticeship programs or hiring halls, counseling and mentoring, support network, employment opportunities and other needs as identified by the parties. The parties also agree to coordinate with the Center to create and maintain an integrated database of veterans interested in working on this project and of apprenticeship and employment opportunities for this Project. To the extent permitted by law, the parties will give appropriate credit to such veterans for bona fide, provable past experience, in the building and construction industry.

The parties further agree to incorporate the duties and responsibilities associated with the Supplemental Addendum to the Multi-Project Labor Agreement attached hereto as Appendix "C" and incorporated herein. Towards this end, the undersigned labor organizations will assist and cooperate with CTA and the contractors regarding the foregoing commitments set forth in Appendix "C." including providing relevant information as requested by CTA for the purpose of monitoring and enforcement.

The parties hereto agree and acknowledge that the commitments set forth herein, including those attached in Appendix "C" are interdependent. In the event the goals and commitments set forth in Appendix "C" are not realized, CTA shall bring this to the attention of the Council, and the parties shall immediately meet for the purpose of identifying the cause (s) of said failure and to implement the necessary measures to remedy that failure.

16. The parties agree that the contractors and subcontractors working under the provisions of this Agreement shall be required to strive to utilize the maximum number of apprentices on these Projects as permitted under the applicable collective bargaining agreements as contained in Appendix "A."

17. The CTA affirms that this agreement is lawful and is entered into under lawful circumstances. CTA covenants not to initiate or participate in any proceeding in any forum for the purpose or with the reasonably intended effect of canceling, modifying, voiding or otherwise limiting the enforceability of this agreement, following the effective date of this Agreement, should any government agency by statute law or regulation, or any court or administrative agency by ruling, determine that any or all of this Agreement is unlawful, thereupon the parties hereto will meet at their earliest convenience in a good faith attempt to amend this Agreement if possible in order to comply with such law, regulation or ruling.

18. This document, with each of the Attachments, constitutes the entire agreement of the parties and may not be modified or changed except by the subsequent written agreement of the parties.

19. All parties represent that they have the full legal authority to enter into this Agreement.

The undersigned, as the CTA and Labor Organization on the Project, agree to all of the terms and conditions contained in this Agreement.

Dated this the      day of                      , 2013 in Chicago, Cook County, Illinois.

Forrest Claypool President

On behalf of the Chicago Transit Authority:

On behalf of

Labor Organization

Its Duly Authorized Officer

**APPENDIX "C" SUPPLEMENTAL AGREEMENT TO THE MULTI-  
PROJECT LABOR AGREEMENT**

**SUPPLEMENTAL                  AGREEMENT                  TO                  THE                  MULTI-  
PROJECT LABOR AGREEMENT**

Chicago Transit Authority ("CTA") and the signatory labor organizations ("Unions") to  
the Multi-Project Labor Agreement hereby agree as follows:

1. It is the policy of CTA to implement actions and policies to enhance the participation of economically disadvantaged and/or dislocated workers in the labor force of its contractors, and to create training and skill improvement opportunities for such persons in communities which are distressed by poverty and high unemployment. In order to facilitate this policy, the Unions have agreed to work cooperatively with CTA to improve the skills of low-income, economically disadvantaged and/or dislocated workers, to foster job training and employment opportunities of such persons, and to enable greater local participation in the Projects that are subject to the Multi-Project Labor Agreement.

For the purpose of this Appendix "C," the term "economically disadvantaged and/or dislocated workers" shall refer to persons who meet the eligibility requirements of the Workforce Investment Act ("WIA") as determined by the applicable WIA workforce centers as determined by CTA from time to time on a project by project basis.

2. CTA shall accept referrals of economically disadvantaged and/or dislocated workers for consideration for employment opportunities under this Appendix "C" from Chicago area WIA workforce centers. Such persons shall constitute the pool of potential applicants identified by CTA for inclusion under this program.

3. In order to expand employment opportunities on the Projects for economically disadvantaged and/or dislocated workers. CTA has determined to reserve the right to require that the contractors and subcontractors on a particular Project achieve a goal that a certain percentage of the total billed man hours for construction craft labor billed by all contractors and

subcontractors during the course of the specific Project be filled by qualified economically disadvantaged and/or dislocated worker applicants who participate in the training and skill development programs administered by the Unions, which goals may change for each Project that is subject to this Agreement. The signatory unions agree to cooperate with CTA, as well as with the contractors and subcontractors hired for each such Project, to maximize the utilization of economically disadvantaged and/or dislocated workers for construction craft employment by the contractors working on said Project.

4. CTA will work with each Union to develop recruitment mechanisms to identify qualified economically disadvantaged and/or dislocated worker applicants and to assist them in gaining entry into appropriate training programs administered by that Union so that the goals which CTA has established hereunder can be achieved. Upon agreement of the Unions, such efforts may include the development of pre-apprenticeship training curricula to be administered by an appropriate educational institution for the purpose of enhancing the successful

participation and retention of economically disadvantaged and/or dislocated workers in apprenticeship programs. In addition, the CTA shall work cooperatively with the Chicago Federation of Labor to conduct an agreed upon number of apprenticeship application seminars at which individuals identified by the CTA can be referred to the appropriate JATC to complete the required application.

5. The CTA will require each signatory general contractor which is employed on the covered Project to take whatever steps are required to reach the man hour goals for the hiring and retention of qualified economically disadvantaged and/or dislocated worker employees for work on that Project. Each Union agrees to cooperate with the contractors in order to facilitate the contractors' ability to recruit and hire identified economically disadvantaged and/or dislocated worker applicants.

who will be responsible to facilitate

CTA will identify an individual with

implementation of the efforts identified in this Appendix "C" and to monitor the success in achieving the mutually agreed upon goals for participation of economically disadvantaged and/or dislocated worker applicants on the Project. Each Union shall provide such information as it may have on request by CTA's designated representative within thirty (30) days or such other time as the parties may mutually agree, regarding the utilization and participation of identified economically disadvantaged and/or dislocated worker applicants in the construction work on the Project, to the extent that the Union has such information.

7. The parties to this Appendix "C" recognize that this agreement is an integral part of the Project Labor Agreement. The parties further agree that the initiatives described herein require the good faith efforts of all parties to accomplish the goals discussed above. The parties agree to commit themselves to such efforts.

For Chicago Transit Authority:

Forrest Claypool

President

I or Each Signatory Labor Union:

By:

EXHIBIT H PROJECT BUDGET Subject to revision under  
Sections 3.03 and 3.04

Category	Amounts (in thousands)
10 GUIDEWAY & TRACK ELEMENTS	\$518,901
20 STATIONS, STOPS, TERMINALS, INTERMODAL	\$81,659
30 SUPPORT FACILITIES: YARDS, SHOPS, ADMIN. BLDGS	\$0
40 SITEWORK & SPECIAL CONDITIONS	\$398,133
50 SYSTEMS	\$385,312
60 ROW, LAND, EXISTING IMPROVEMENTS	\$55,154
70 VEHICLES	\$68,590
80 PROFESSIONAL SERVICES (applies to Cats. 10-50)	\$294,411
90 UNALLOCATED CONTINGENCY	\$217,115
100 FINANCE CHARGES	\$111,494
Total Project Cost	\$2,130,770



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EXHIBIT I

OPINION OF CTA'S COUNSEL

City of Chicago ' 121 North LaSalle Street Chicago, IL 60602

ATTENTION: Corporation Counsel

Ladies and Gentlemen:

I have acted as general counsel to the Chicago Transit Authority, an Illinois municipal corporation (the "CTA"), in connection with the purchase of certain land and the construction of certain facilities thereon located in the Red and Purple Modernization Phase One Project Redevelopment Project Area (the "Project"). In that capacity, I have examined, among other things, the following agreements, instruments and documents of even date herewith, hereinafter referred to as the "Documents":

- a) the Redevelopment and Intergovernmental Agreement (the "Agreement") of even date herewith, executed by CTA and the City of Chicago (the "City");
- b) all other agreements, instruments and documents executed in connection with the foregoing.

In addition to the foregoing, I have examined

- a) the original or certified, conformed or photostatic copies of (i) the Bylaws, Rules, and Regulations and Rules of Order of the Chicago Transit Board, as amended to date, (ii) the Metropolitan Transit Authority Act, 70 ILCS 3605, and (iii) records of all Chicago Transit Board proceedings relating to the Project; and
- b) such other documents, records and legal matters as I have deemed necessary or relevant for purposes of issuing the opinions hereinafter expressed.

In all such examinations, I have assumed the genuineness of all signatures (other than those of

CTA), the authenticity of documents submitted to me as originals and conformity to the originals of all documents submitted to me as certified, conformed or photostatic copies.

Based on the foregoing, it is my opinion that:

1. CTA is a municipal corporation duly organized, validly existing and in good standing under the laws of the State of Illinois, and has full power and authority to own and lease its properties and to carry on its business as presently conducted except as would not impair its ability to enter into the Agreement or perform the transactions contemplated therein.

2. CTA 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, CTA's organizational or governing documents or result in a breach or other violation of any of the terms, conditions or provisions of any

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law or regulation, order, writ, injunction or decree of any court, government or regulatory authority, or, to the best of my knowledge after diligent inquiry, any of the terms, conditions or provisions of any agreement, instrument or document to which CTA is a party or by which CTA or its properties is bound. To the best of my knowledge after diligent inquiry, such execution, delivery and performance will not constitute grounds for acceleration of the maturity of any agreement, indenture, undertaking or other instrument to which CTA 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 CTA Debt Lender (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 CTA.

4. Each of the Documents to which CTA is a party has been duly executed and delivered by a duly authorized officer of CTA, and each such Document constitutes the legal, valid and binding obligation of CTA, 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. To the best of my knowledge after diligent inquiry, there are no judgments outstanding against CTA, nor any pending or threatened litigation or government proceeding, that would impair its ability to enter into the Agreement or perform the transactions contemplated therein. To the best of my knowledge after diligent inquiry, CTA is not in default with respect to any order, writ, injunction, decree, rule, regulation or demand of any court, government or regulatory authority which would have a material adverse effect on CTA or its business or that would impair its ability to enter into the Agreement or perform the transactions contemplated therein.

6. To the best of my knowledge after diligent inquiry, there is no default by CTA or any other party under any material contract, lease, agreement, instrument or commitment to which CTA is a party or by which CTA or its properties is bound that would impair its ability to enter into the Agreement or perform the transactions contemplated therein.

7. To the best of my knowledge after diligent inquiry, there are no liens, pledges, security interests and encumbrances on CTA assets that would impair its ability to enter into the Agreement or perform the transactions contemplated therein.

8. The execution, delivery and performance of the Agreement by CTA has 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, except as has already been obtained or as contemplated by the Agreement.

9. To the best of my knowledge after diligent inquiry, CTA 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 except as would not would impair its ability to enter into the Agreement or perform the transactions contemplated therein.

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I am an attorney admitted to practice in the State of Illinois and 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 limited to the specific issues addressed herein, and no opinion may be inferred or implied beyond that expressly stated herein.

This opinion is issued 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,

Karen Seimetz General Counsel

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EXHIBIT J

FORM OF CITY NOTE

**INVESTMENT IN THIS NOTE INVOLVES A HIGH DEGREE OF RISK. IT IS SUITABLE ONLY FOR PERSONS WHO ARE ABLE TO BEAR THE ECONOMIC RISKS OF THIS INVESTMENT, INCLUDING TOTAL LOSS. NO ASSURANCE CAN BE PROVIDED THAT THE HOLDER OF THIS NOTE WILL NOT LOSE ITS ENTIRE INVESTMENT IN THIS NOTE. SEE "NOTEHOLDER RISKS" ATTACHED TO THIS NOTE.**

**THIS NOTE IS SUITABLE ONLY FOR PERSONS WHO HAVE NO NEED FOR LIQUIDITY. THIS NOTE MAY ONLY BE TRANSFERRED IN THE MANNER AND SUBJECT TO THE LIMITATIONS PROVIDED IN THE REDEVELOPMENT AGREEMENT AND THE ORDINANCE.**

**THE CITY DOES NOT ENDORSE PROJECTIONS OF ANY KIND FROM ANY SOURCE AS TO THE SUFFICIENCY OF AVAILABLE INCREMENTAL TAXES TO PAY PRINCIPAL OF AND INTEREST ON THIS NOTE. INVESTORS WHO RELY ON SUCH PROJECTIONS DO SO AT THEIR OWN RISK.**

**PRINCIPAL OF AND INTEREST ON THIS NOTE ARE PAYABLE SOLELY FROM AVAILABLE INCREMENTAL TAXES ON DEPOSIT IN THE PROJECT ACCOUNT, AS DEFINED IN THE HEREINAFTER DEFINED REDEVELOPMENT AGREEMENT. THE HOLDER OF THIS NOTE ACCEPTS THE RISK THAT THE AMOUNT OF AVAILABLE INCREMENTAL TAXES MAY NOT BE SUFFICIENT TO PAY THE PRINCIPAL OF OR INTEREST ON THIS NOTE.**

REGISTERED MAXIMUM AMOUNT  
NO. R-1 \$

UNITED STATES OF AMERICA STATE OF  
ILLINOIS COUNTY OF COOK CITY OF  
CHICAGO

TAX INCREMENT ALLOCATION REVENUE NOTE (CHICAGO TRANSIT AUTHORITY RED AND  
PURPLE MODERNIZATION PHASE ONE PROJECT), TAXABLE SERIES A

Registered Owner: Chicago Transit Authority

Interest Rate:                   per annum

Maturity Date:                                 ,                   [twenty years from issuance date]

KNOW ALL PERSONS BY THESE PRESENTS, that the City of Chicago, Cook County, Illinois (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on or before the Maturity Date identified above, but solely from the sources hereinafter identified, the principal amount of this Note from time to time advanced by the Registered Owner to pay costs of the Project

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(as hereafter defined) in accordance with the ordinance hereinafter referred to up to the principal amount of \$                                 and to pay the Registered Owner interest on that amount at the Interest Rate per year specified above from the date of the advance. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Principal of and interest on this Note, payable solely from the Available Incremental Taxes (as defined in the hereinafter defined Redevelopment Agreement), is due March 1 of each year until the earlier of Maturity or until this Note is paid in full. The principal of and interest on this Note are payable in lawful money of the United States of America, and shall be made to the Registered Owner hereof as shown on the registration books of the City maintained by the Comptroller of the City, as registrar and paying agent (the "Registrar"), at the close of business on the fifteenth day of the month immediately prior to the applicable payment, maturity or redemption date, and shall be paid by check or draft of the Registrar, payable in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Registrar; provided, that the final installment of principal and accrued but unpaid interest will be payable solely upon presentation of this Note at the principal office of the Registrar in Chicago, Illinois or as otherwise directed by the City. The Registered Owner of this Note shall note on the Payment Record attached hereto the amount and the date of any payment of the principal of this Note promptly upon receipt of such payment.

This Note is issued by the City in the principal amount of advances made from time to time by the Registered Owner up to \$                                 for the purpose of paying the costs of certain eligible redevelopment project costs incurred by Chicago Transit Authority, an Illinois municipal corporation (the "Project"), which were acquired, constructed and installed in connection with the development of the Red and Purple Modernization Program Phase One Project in the Red and Purple Modernization Phase One Project Redevelopment Project Area (the "Project Area") in the City, all in accordance with the Constitution and the laws of the State of Illinois, and particularly the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11

-74.4-1 et seq.) (the "TIF Act") , the Local Government Debt Reform Act (30 ILCS 350/1 et seq.) and an Ordinance adopted by the City Council of the City on November 30, 2016 approving the Redevelopment Agreement (the "Ordinance"), in all respects as by law required.

The City has assigned and pledged certain rights, title and interest of the City in and to certain incremental ad valorem tax revenues from the Project Area which the City is entitled to receive pursuant to the TIF Act and the Ordinance, in order to pay the principal of and interest of this Note. Reference is hereby made to the aforesaid Ordinance and the Redevelopment Agreement for

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a description, among others, with respect to the determination, custody and application of said revenues, the nature and extent of such security with respect to this Note and the terms and conditions under which this Note is issued and secured. THIS NOTE IS A SPECIAL LIMITED OBLIGATION OF THE CITY, AND PRINCIPAL OF AND INTEREST ON THIS NOTE ARE PAYABLE SOLELY FROM AVAILABLE INCREMENTAL TAXES ON DEPOSIT IN THE PROJECT ACCOUNT OF THE TIF FUND (AS DEFINED IN THE REDEVELOPMENT AGREEMENT) AFTER PAYMENT OF ALL OBLIGATIONS HAVING A PRIORITY OVER THIS NOTE, IF ANY. THE HOLDER OF THIS NOTE ACCEPTS THE RISK THAT THE AMOUNT OF AVAILABLE INCREMENTAL TAXES MAY NOT BE SUFFICIENT TO PAY THE PRINCIPAL OF OR INTEREST ON THIS NOTE. THIS NOTE SHALL NOT BE DEEMED TO CONSTITUTE AN INDEBTEDNESS OR A LOAN AGAINST THE GENERAL TAXING POWERS OR CREDIT OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION. THE REGISTERED OWNER OF THIS NOTE SHALL NOT HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE CITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OF OR INTEREST ON THIS NOTE. The principal of this Note is subject to redemption on any date, as a whole or in part, at a redemption price of 100% of the principal amount thereof being redeemed. There shall be no prepayment penalty. Notice of any such redemption shall be sent by registered or certified mail not less than five (5) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of this Note at the address shown on the registration books of the City maintained by the Registrar or at such other address as is furnished in writing by such Registered Owner to the Registrar.

This Note is issued in fully registered form in the denomination of its outstanding principal amount. This Note may not be exchanged for a like aggregate principal amount of notes or other denominations.

THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED AND MAY NOT BE ASSIGNED EXCEPT AS PROVIDED IN THE REDEVELOPMENT AGREEMENT REFERENCED BELOW AND THE ORDINANCE. ANY HOLDER OF THIS NOTE IS REQUIRED TO NOTIFY ANY POTENTIAL PURCHASER OR ASSIGNEE OF THIS NOTE OF THE RESALE AND ASSIGNMENT

RESTRICTIONS REFERRED TO ABOVE. This Note is transferable by the Registered Owner hereof in person or by its attorney duly authorized in writing at the principal office of the Registrar in Chicago, Illinois, but only in the manner and subject to the limitations provided in the Ordinance, and upon surrender and cancellation of this Note. Upon such transfer, a new Note of authorized denomination of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange

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herefor. The Registrar shall not be required to transfer this Note during the period beginning at the close of business on the fifteenth day of the month immediately prior to the maturity date of this Note nor to transfer this Note after notice calling this Note or a portion hereof for redemption has been mailed, nor during a period of five (5) days next preceding mailing of a notice of redemption of this Note. Such transfer shall be in accordance with the form at the end of this Note.

This Note hereby authorized shall be executed and delivered as the Ordinance and the Redevelopment Agreement provide.

Pursuant to the Redevelopment and Intergovernmental Agreement dated as of November 30, 2016, between the City and the Registered Owner (the "Redevelopment Agreement"), the Registered Owner has agreed to acquire and construct the Project and to advance funds for the construction and rehabilitation of certain facilities related to the Project. The cost of such acquisition and construction in the amount of \$[ ] shall be deemed to be a disbursement of the proceeds of this Note.

Pursuant to Section 15.02 of the Redevelopment Agreement, the City has certain remedies, including the right to suspend payments of principal of and interest on this Note, upon the occurrence of certain conditions. The City shall not be obligated to make payments under this Note if an Event of Default (as defined in the Redevelopment Agreement), or condition or event that with notice or the passage of time or both would constitute an Event of Default, has occurred. Such rights shall survive any transfer of this Note.

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

This Note may be transferred only in the manner and subject to the limitations provided in Section 18.14 of the Redevelopment Agreement and the Ordinance.

It is hereby certified and recited that all conditions, acts and things required by law to exist, to happen, or to be done or performed precedent to and in the issuance of this Note did exist, have happened, have been done and have been performed in regular and due form and time as required by law; that the

issuance of this Note, together with all other obligations of the City, does not exceed or violate any constitutional or statutory limitation applicable to the City.

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

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

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

Mayor

(SEAL) Attest:

City Clerk

CERTIFICATE OF  
AUTHENTICATION

This Note is described in the  
within mentioned Ordinance and  
is the Tax Increment Allocation  
Revenue Note (Red and Purple Modernization  
Phase One Project), Taxable  
Series \_\_\_\_\_, of the City of  
Chicago, Cook County, Illinois.  
Registrar and Paying Agent Comptroller of the City of Chicago, Cook County, Illinois

Comptroller Date:

*[The following "Noteholder Risks" constitutes an integral part of this Note.]*

**NOTEHOLDER RISKS**



*The purchase of or investment in the Note involves certain risks. Each prospective holder or purchaser of the Note, or any interest therein, should make an independent evaluation of the financial and business risks associated with holding or having an investment interest in the Note. Certain of these risks are set forth below. The following summary is not intended to be complete and does not purport to identify all possible risks that should be considered by prospective holders of the Note or any interests therein. Capitalized terms used herein have the meanings set forth in the Note.*

*All prospective holders of the Note are urged to consult with their financial adviser and legal counsel before acquiring the Note or any interest therein.*

### **Loss of Investment**

Investment in the Note involves a high degree of risk. It is suitable only for persons who are able to bear the economic risks of the investment, including total loss. No assurance can be provided that prospective holders of the Note will not lose their entire investment in the Note.

### **Lack of Liquidity**

The Note is suitable only for persons who have no need for liquidity. The transferability of the Note is restricted. The Note may only be transferred in the manner and subject to the limitations provided in the Redevelopment Agreement and the Ordinance. Investors in the Note must be prepared to hold the Note until the maturity of the Note.

### **Reliance on Projections**

The City does not endorse projections of any kind from any source as to the sufficiency of Available Incremental Taxes to pay principal of and interest on the Note. Investors who rely on any such projections do so at their own risk.

The City's Office of Budget and Management ("OBM") produces five-year projection reports for each redevelopment project area (i.e., TIF district) in the City for the purpose of evaluating resources and project balances ("District Projection Reports"). This information, which is currently publicly available, is used by the OBM to determine how much funding has been committed and how much funding is available for potential projects. The District Projection Reports and the projections included therein are not audited and do not represent a final accounting of funds. The District Projection Reports are not prepared for investors or as a basis for making investment decisions with respect to any notes, bonds or other debt obligations of the City that are payable from Available Incremental Taxes, including the Note. Prospective investors in the Note are cautioned not to rely on any of the information contained in the District Projection Reports.

### **Limited Obligations**

THE NOTE IS A SPECIAL LIMITED OBLIGATION OF THE CITY PAYABLE SOLELY FROM THE AVAILABLE INCREMENTAL TAXES AFTER PAYMENT OF ALL OBLIGATIONS HAVING A PRIORITY OVER THE NOTE, IF ANY, AND SHALL BE A VALID CLAIM ONLY AGAINST SAID

SOURCES. THE NOTE DOES NOT CONSTITUTE AN INDEBTEDNESS OR A LOAN AGAINST THE GENERAL TAXING POWERS OR CREDIT OF THE CITY, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION. THE NOTEHOLDER HAS NO RIGHT TO COMPEL ANY

**EXERCISE OF THE TAXING POWER OF THE CITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OF OR INTEREST ON THE NOTE.**

There can be no assurance that Available Incremental Taxes will be sufficient for payment of amounts due and owing on the Note.

**Limited Information**

The Note was issued to the CTA under the Redevelopment Agreement as part of a commercial transaction negotiated by the CTA and the City. The CTA engaged a consultant to deliver a feasibility report to the City in connection with the Project, which included certain information about the Project Area, the Project and historical and projected Available Incremental Taxes. The report contained information as of its date only, and neither the CTA nor any other party have any obligation to update the report as of any subsequent date.

The City is under no continuing obligation to provide to any holder or prospective holder of the Note, or to post to the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board or any other website, any current or updated information with respect to the Project Area, the Project, the historical and projected Available Incremental Taxes or the Note. The City does not prepare or have readily and publically available any current or updated information about the Project Area, the Project or the Available Incremental Taxes.

**Unavailability of City Funds**

The City is not obligated to pay principal of or interest on the Note in any year in which there are inadequate Available Incremental Taxes. The City is obligated to pay the amount of any unpaid principal or accrued interest in any subsequent year but only to the extent of the availability of Available Incremental Taxes for those subsequent years. If, on the maturity date of the Note, any outstanding unpaid principal or interest on the Note exists for any reason, including without limitation the inadequacy of Available Incremental Taxes, such outstanding principal and/or interest will be forgiven in full and the City will have no further obligation to pay such outstanding amount. In such event, there would be no further payments of principal or interest in respect of the Note.

**Risk of Failure to Maintain Levels of Assessed Valuation**

There can be no assurance that the equalized assessed value of the Project Area property will increase or remain the same throughout the term of the Note. Furthermore, the successful petition or application of any owner for the reduction of the assessed value of any properties in the Project Area may cause the equalized assessed value of properties in the Project Area to be less than the originally projected equalized assessed value. If at any time during the term of the Note the actual equalized assessed value is less than what was projected, the generation of Available Incremental Taxes for payment on the Note is likely to be significantly impaired.

**Risk of Change in Incremental Taxes**

Prospective holders of the Note should carefully consider, among other factors, the risks associated with the ultimate generation of Available Incremental Taxes in the Project Area. These risks include, but are not limited to, the following:

1. Property tax rates are calculated by the Cook County Clerk for numerous funds of a number of taxing districts that tax all or part of the property in the Project Area.. A reduction in the tax levies by the affected taxing districts may have an adverse effect on the Available Incremental Taxes.

2. Further changes may be made in the real property tax system by the State of Illinois or Cook County. Such changes could include various property tax rollbacks, abatements, exemptions, changes in the ratio of assessment, or relief measures, limitations on the amount or percent of increase in tax levies by taxing districts, or other measures that would limit the tax levy amount that could be extended to the property within the Project Area and, consequently, the projected Available Incremental Taxes generated. For example, if Illinois adopted practices used in other states, the property tax system could be changed so that schools would be financed from a source other than property taxes. This type of change could have a significant adverse effect upon Available Incremental Taxes.

3. Cook County's methodology and procedures used to assess the value of property may be altered resulting in a potentially reduced or altered valuation in a particular year or succession of years.

FUTURE LEGISLATION, REGULATIONS, GOVERNMENTAL OR JUDICIAL INTERPRETATION OF REGULATIONS OR LEGISLATION OR PRACTICES AND PROCEDURES RELATED TO PROPERTY TAX ASSESSMENT, LEVY, COLLECTIONS OR DISTRIBUTION COULD HAVE A MATERIAL EFFECT ON THE CALCULATION OR AVAILABILITY OF INCREMENTAL TAXES COLLECTED OR DISTRIBUTED AND THEREFORE A MATERIAL EFFECT ON THE AMOUNT OF AVAILABLE INCREMENTAL TAXES FOR PAYMENT OF PRINCIPAL OF AND INTEREST ON THE NOTE.

### **Changes in Multiplier and Tax Rate**

The equalization factor annually determined by the Illinois Department of Revenue for properties located within Cook County (commonly referred to as the "multiplier") may vary substantially in future years. A decrease in the multiplier would reduce the equalized assessed value of the taxable real property in the Project Area and, therefore, the Available Incremental Taxes available to pay principal of and interest on the Note. The future tax rates of the units of local government levying taxes in the Project Area either individually or on a composite basis, may differ from their historical levels. Any decrease in the composite tax rate of the governmental units would decrease the amount of Available Incremental Taxes available to pay principal of and interest on the Note. Any decrease in the composite tax rate of the governmental units could occur in future years as a result of various factors, including, but not limited to, one or more of the following: (a) reduced governmental costs; (b) constitutional or statutory spending or tax rate limitations; or (c) governmental reorganization or consolidation.

### **Economic Risks Affecting Incremental Taxes**

Changing economic circumstances or events in the Project Area may result in reductions in Available Incremental Taxes available to pay principal of and interest on the Note. Relocations of major property owners to sites outside the Project Area or sales of major properties to tax-exempt

entities could reduce the assessed valuation of the real properties in the Project Area. Substantial damage to or destruction of improvements within the Project Area could cause a material decline in assessed valuation and impair the ability of the taxpayers in the Project Area to pay their respective portions of real estate taxes. Similarly, there can be no assurance that the improvements in the Project Area will be sufficiently insured under fire and extended coverage insurance policies. Even if such insurance is sufficient, the proceeds thereof will not be assigned as security for the payment of real estate taxes or to secure payment of the Note. In

addition, any insurance proceeds may not be sufficient to repair or rebuild said improvements. The restoration of such improvements may be delayed by other factors, or the terms of then-applicable mortgage financing could require the application of insurance proceeds to the reduction of mortgage balances. Any of the foregoing circumstances could result in the assessed valuation of property in the Project Area remaining depressed for an unknown period of time and decrease the amount of Available Incremental Taxes available to pay principal of and interest on the Note.

Results of operation of properties within the Project Area depend, in part, on sales, leases, rental rates and occupancy levels, which may be adversely affected by competition, suitability of the properties located in the Project Area, local unemployment, availability of transportation, neighborhood changes, crime levels in the Project Area, vandalism, rising operating costs and similar factors. Poor operating results of properties within the Project Area may cause delinquencies in the payment of real estate taxes, reduce assessed valuations and increase the risk of foreclosures. Successful petitions by taxpayers to reduce their assessed valuations could adversely affect Available Incremental Taxes available for payment of principal of and interest on the Note.

### **Reliance on Primary Taxpayers**

- If one or only a few property owners within the Project Area are responsible for generating a substantial amount of the Incremental Taxes, the generation of Available Incremental Taxes could be significantly adversely affected if such owner or owners and/or their tenants discontinue or curtail their businesses or terminate or default on their leases, and substitutes or replacements cannot be made on a timely basis.

### **Force Majeure Conditions**

Riots, civil disturbances, vandalism, fires, and natural disasters or other "Acts of God" affecting the conditions and viability of the Project Area may reduce or eliminate the receipt of Incremental Taxes which would result in the reduction or elimination of Available Incremental Taxes to pay principal of and interest on the Note.

### **Contiguous Project Areas**

The Project Area is, or may become, contiguous with other redevelopment areas designated by the City pursuant to the TIF Act. The TIF Act allows the City to expend Incremental Taxes collected from the Project Area which are in excess of the amounts required in each year to pay and secure obligations issued and project costs incurred with respect to the Project Area to pay for costs eligible for payment under the TIF Act which are incurred in such contiguous areas. In the event Incremental Taxes from the Project Area in excess of Available Incremental Taxes, along with the amounts required to (i) pay principal and interest coming due on the Note in any year, and (ii) be deposited in other funds and accounts maintained under the Redevelopment Agreement, are allocated to a contiguous project redevelopment area, such excess Incremental Taxes will not be available to remedy any future failure to pay principal of and interest on the Note.

### **Risk of Delay in Payment**

The failure of current or future owners of real property in the Project Area to remit property taxes to Cook County when due or the failure of Cook County to timely remit Incremental Taxes to the City could result in insufficient Available Incremental Taxes being available to pay principal of or interest on the Note when due.

### **Delays in Exercising Remedies**

The enforceability of the Note is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and of liens securing such rights, and the police powers of the State of Illinois and its political subdivisions. Because of delays inherent in obtaining judicial remedies, it should not be assumed that these remedies could be accomplished rapidly.

Remedies available to the Noteholder may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Note. The Note is not subject to acceleration due to payment default. Lack of remedies may entail risks of delay, limitation, or modification of the rights of the Noteholder. Judicial remedies, such as foreclosure and enforcement of covenants, are subject to exercise of judicial discretion.

### **Risk of Transferee Becoming a Debtor in Bankruptcy**

If a transferee of the Note were to become a debtor under the United States Bankruptcy Code or applicable state laws, a creditor or trustee in bankruptcy of the transferee might argue that the sale of the Note by the transferee constituted a fraudulent conveyance or a pledge of the Note rather than a sale. If such positions were accepted by a court, then delays in principal and interest payments to the Noteholder could occur or reductions in the amounts of such payments could result. Additionally, if the transfer of the Note is re-characterized as a pledge, then a tax lien, governmental lien or other lien created by operation of law on the property of the transferee could have priority over the holder's interest in the Note.

THE ABOVE IS NOT INTENDED TO BE A COMPREHENSIVE DISCUSSION OF ALL POTENTIAL RISKS ASSOCIATED WITH THE NOTE.

PRINCIPAL PAYMENT RECORD DATE OF PAYMENT PRINCIPAL PAYMENT

PRINCIPAL BALANCE DUE

CERTIFICATION OF EXPENDITURE

(Date)

To: Registered Owner

Re: City of Chicago, Cook County, Illinois (the "City")  
\$ Tax Increment Allocation Revenue Note  
( Redevelopment Project, Taxable Series [A])  
(the "Redevelopment Note")

This Certification is submitted to you, Registered Owner of the Redevelopment Note, pursuant to the Ordinance of the City authorizing the execution of the Redevelopment Note adopted by the City Council of the City on , (the DOrdinance"). All terms used herein shall have the same meaning as when used in the Ordinance.

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

IN WITNESS WHEREOF, the City has caused this Certification to be signed on its behalf as of (Date).

CITY OF CHICAGO

By:

Commissioner  
Department of Planning and Development

AUTHENTICATED BY:

REGISTRAR

## EXHIBIT K INSURANCE

a) Prior to execution and delivery of this Agreement.

i) Workers Compensation and Employers Liability

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

ii) Commercial General Liability (Primary and Umbrella)

Commercial General Liability Insurance or equivalent with limits of not less than \$1,000,000 per occurrence for bodily injury, personal injury, and property damage liability. Coverages must include the following: All premises and operations, products/completed operations independent contractors, separation of insureds, defense, and contractual liability (with no limitation endorsement). The City 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.

iii) All Risk Property

All Risk Property Insurance at replacement value of the property to protect against loss of, damage to, or destruction of the building/facility. The City is to be named as an additional insured and loss payee/mortgagee if applicable.

b) Construction. Prior to the construction of any portion of the Project, CTA will cause its architects, contractors, subcontractors, project managers and other parties constructing the Project to procure and maintain the following kinds and amounts of insurance:

i) Workers Compensation and Employers Liability

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

ii) Commercial General Liability (Primary and Umbrella)

Commercial General Liability Insurance or equivalent with limits of not less than \$2,000,000 per occurrence for bodily injury, personal injury, and property damage liability. Coverages must include the following: All premises and operations, products/completed operations (for a minimum of two (2) years following project completion), explosion, collapse, underground, 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.

iii) Automobile Liability (Primary and Umbrella)



When any motor vehicles (owned, non-owned and hired) are used in connection with work to be performed, the Automobile Liability Insurance with limits of not less than \$2,000,000 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.

iv) Railroad Protective Liability

When any work is to be done adjacent to or on railroad or transit property, CTA must provide cause to be provided with respect to the operations that Contractors 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.

v) All Risk /Builders Risk

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

vi) Professional Liability

When any architects, engineers, construction managers 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 Contract. A claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years.

vii) Valuable Papers

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 re-creation and reconstruction of such records.

viii) Contractors Pollution Liability

When any remediation work is performed which may cause a pollution exposure, CTA must cause remediation contractor to provide Contractor Pollution Liability covering bodily injury, property damage and other losses caused by pollution conditions that arise from the contract scope of work with limits of not less than \$1,000,000 per occurrence. Coverage must include completed operations, contractual liability, defense, excavation, environmental cleanup, remediation and disposal. 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. The City of Chicago is to be named as an additional insured.

(c) Post Construction:

(i) All Risk Property Insurance at replacement value of the property to protect against loss of, damage

to, or destruction of the building/facility. The City is to be named as an additional insured and loss payee/mortgagee if applicable.

(d) Other Requirements:

CTA must furnish the City of Chicago, Department of Planning and 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 the Agreement. CTA must submit evidence of insurance on the City of Chicago Insurance Certificate Form (copy attached) or equivalent prior to closing. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all Agreement requirements. The failure of the City to obtain certificates or other insurance evidence from CTA is not a waiver by the City of any requirements for CTA to obtain and maintain the specified coverages. CTA shall advise all insurers of the Agreement provisions regarding insurance. Non-conforming insurance does not relieve CTA 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 and/or terminate agreement until proper evidence of insurance is provided.

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 deductibles or self insured retentions on referenced insurance coverages must be borne by CTA and Contractors.

CTA hereby waives and agrees to require their insurers to waive their rights of subrogation against the City of Chicago, its employees, elected officials, agents, or representatives.

The coverages and limits furnished by CTA in no way limit CTA's liabilities and responsibilities specified within the Agreement or by law.

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

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

If CTA is a joint venture or limited liability company, the insurance policies must name the joint venture or limited liability company as a named insured.

CTA must require Contractor and subcontractors to provide the insurance required herein, or CTA may provide the coverages for Contractor and subcontractors. All Contractors and subcontractors are subject to the same insurance requirements of CTA unless otherwise specified in this Agreement.

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If CTA, any Contractor or subcontractor 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.

SECTION 14. The provisions of this Ordinance shall constitute a contract between the City and the registered owners of the City Notes. All covenants relating to the City Notes are enforceable by the registered owners of the City Notes.

SECTION 15. Because of the special relationship between the City and the , CTA described in the recitals of this Ordinance, it shall be unlawful for (a) the CTA to assign its rights or obligations under the Redevelopment Agreement (other than a collateral assignment allowed pursuant to Section 18.14(a) of the Redevelopment Agreement) to any other person or entity, unless such assignment is approved by an ordinance (separate from this ordinance) of the City Council.

SECTION 16. 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 17. All ordinances, resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflict.

SECTION 18. This ordinance shall be in full force and effect immediately upon its passage and approval.

Exhibit A Redevelopment Agreement