

REPEAL OF REDEVELOPMENT AGREEMENT WITH HAWTHORNE  
REALTY GROUP, INC. AND EXECUTION OF REDEVELOPMENT  
AGREEMENT WITH HAWTHORN-CAMPBELL HOLDINGS  
LIMITED PARTNERSHIP FOR REDEVELOPMENT OF  
SANITARY DRAINAGE AND SHIP  
CANAL PROJECT AREA.

The Committee on Finance submitted the following report:

CHICAGO, June 9, 1993.

*To the President and Members of the City Council:*

Your Committee on Finance, having had under consideration an ordinance authorizing the designation of Hawthorn-Campbell Holdings Limited Partnership as the developer of a site in the Sanitary Drainage and Ship Canal Tax Increment Financing Redevelopment Area, having had the same under advisement, begs leave to report and recommend that Your Honorable Body *Pass* the proposed substitute ordinance transmitted herewith.

This recommendation was concurred in by a viva voce vote of the members of the committee.

Respectfully submitted,

(Signed) EDWARD M. BURKE,  
*Chairman.*

On motion of Alderman Burke, the said proposed substitute ordinance transmitted with the foregoing committee report was *Passed* by yeas and nays as follows:

*Yeas* -- Aldermen Mazola, Haithcock, Tillman, Preckwinkle, Bloom, Steele, Beavers, Dixon, Shaw, Buchanan, Huels, Fary, Madrzyk, Jones, Streeter, Murphy, Rugai, Troutman, Evans, Munoz, Laski, Miller, Medrano, Ocasio, Watson, E. Smith, Burrell, Bialczak, Suarez, Mell, Austin, Wojcik, Banks, Giles, Allen, O'Connor, Doherty, Natarus, Eisendrath, Hansen, Levar, Shiller, Schulter, M. Smith, Moore, Stone -- 46.

*Nays* -- None.

Alderman Beavers moved to reconsider the foregoing vote. The motion was lost.

Alderman Burke was excused from voting under the provisions of Rule 14 of the Council's Rules of Order and Procedure.

The following is said ordinance as passed:

WHEREAS, On July 24, 1991 the City Council of the City of Chicago (the "City") passed the following ordinances (pages 3289 -- 3362 of the Journal of Proceedings of the City Council): (1) "An Ordinance of the City of Chicago, Illinois, approving a Tax Increment Plan and Redevelopment Project for the Sanitary Drainage and Ship Canal Redevelopment Project Area (the 'Redevelopment Project')", (2) "An ordinance of the City of Chicago, Illinois, designating the Sanitary Drainage and Ship Canal Redevelopment Project Area of said City a Redevelopment Project area pursuant to the Tax Increment Allocation Redevelopment Act (the 'Project Area')", and (3) "An Ordinance of the City of Chicago, Illinois, adopting Tax Increment Allocation Financing for the Sanitary Drainage and Ship Canal Redevelopment Project Area". The foregoing ordinances hereinafter collectively referred to as the (the "T.I.F. Ordinances"); and

WHEREAS, The City Council of the City on July 24, 1991 authorized, pursuant to an ordinance passed on said date (pages 3362 -- 3398 of the Journal of Proceedings of the City Council) (the "Redevelopment Agreement Ordinance"), the Commissioner of the Department of Economic Development (D.E.D.) to enter into and execute a redevelopment agreement between the City and Hawthorn Realty Group, Inc., subject to the terms and conditions of a C.D.B.G. Loan Ordinance passed on June 28, 1991; and

WHEREAS, Pursuant to Resolution 92-CDC-18 adopted July 14, 1992, the City of Chicago Community Development Commission ("C.D.C.") designated Hawthorn Realty Group, Inc. as developer of a portion of the Property within the Project Area; and

WHEREAS, Pursuant to Resolution 93-CDC-4, adopted by the C.D.C. of the City on January 12, 1993, the Department of Planning and Development ("D.P.D.") advertised its intention to negotiate a Redevelopment Agreement with Hawthorn-Campbell Holdings Limited Partnership and to request alternative proposals for the redevelopment of a portion of the Project Area; and

WHEREAS, Since no other proposals were received for the redevelopment of the property at the termination of the advertising period, pursuant to Resolution 93-CDC-4, the C.D.C. has recommended the designation of Hawthorn-Campbell Holdings Limited Partnership as the developer of a portion of the Project Area (the "Property") and has requested the Commissioner of D.P.D (the "Commissioner") to forward that recommendation to the City Council; and

WHEREAS, It is now desirable and in the best interest of the City to void in its entirety the Redevelopment Agreement Ordinance authorizing the execution of a redevelopment agreement between the City and the Hawthorn Realty Group, Inc.; and

WHEREAS, It is now desirable and in the best interest of the City and Hawthorn-Campbell Holdings Limited Partnership (the "Developer") to enter into a Redevelopment Agreement (the "Redevelopment Agreement") to provide for the demolition of four non-functional obsolete structures comprising over 900,000 square feet, which will result in the site preparation and availability of 17 acres of property for the construction of light industrial manufacturing and/or distribution facilities; now, therefore,

*Be It Ordained by the City Council of the City of Chicago:*

SECTION 1. The Redevelopment Agreement Ordinance passed on July 24, 1991 (pages 3362 -- 3398 of the Journal of Proceedings of the City Council) is hereby voided in its entirety.

SECTION 2. The Commissioner is hereby authorized, subject to the approval of the Corporation Counsel as to form and legality, to enter into a Redevelopment Agreement substantially in the form attached hereto and made a part hereof as Exhibit A.

SECTION 3. The Commissioner on behalf of the City is hereby authorized to execute and the City Clerk to attest the foregoing Redevelopment Agreement in accordance with the terms of this ordinance.

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

SECTION 5. This ordinance shall supersede and have control over any provision of any ordinance, resolution, motion or order in conflict with this ordinance, to the extent of such conflict.

SECTION 6. This ordinance shall be in full force and effect by and from the date of its passage.

Exhibit "A" attached to this ordinance reads as follows:

*Exhibit "A".*

*Hawthorn-Campbell Holdings Limited Partnership  
Redevelopment Agreement.*

This Redevelopment Agreement (the "Agreement") is made as of this \_\_\_\_ day of \_\_\_\_\_, 1993, by and between the City of Chicago, an Illinois municipal corporation ("City"), through its Department of Planning and Development ("D.P.D.") and Hawthorn-Campbell Holdings, Limited Partnership, an Illinois limited partnership ("Developer").

*Recitals:*

A. 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 authority to promote the health, safety, and welfare of the City and its inhabitants, to encourage private development in order to enhance the local tax base, create employment opportunities and to enter into contractual agreements with private parties in order to achieve these goals.

B. The City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3 et seq. as supplemented and amended (1992), (the "Act") to finance the redevelopment of blighted areas.

C. To induce redevelopment pursuant to the Act, the City Council of the City of Chicago (the "City Council") adopted the following ordinances on July 24, 1991: (1) "An Ordinance of the City of Chicago, Illinois, approving a Tax Increment Redevelopment Plan and Redevelopment Project for the Sanitary Drainage and Ship Canal Redevelopment Project Area;" (2) "An Ordinance of the City of Chicago, Illinois, designating the Sanitary Drainage and Ship Canal Redevelopment Project Area of said City a Redevelopment Project Area" and (3) "An Ordinance of the City of Chicago, Illinois, adopting Tax Increment Allocation Financing for the Sanitary Drainage and Ship Canal Redevelopment Project Area." The foregoing ordinances are hereinafter collectively referred to as (the "T.I.F. Ordinances"). The redevelopment project area (the "Redevelopment Area") is legally described in (Sub)Exhibit A attached hereto and incorporated herein by reference.

D. The Developer shall demolish four structures located on property at 2550 West 35th Street, Chicago, Illinois, and legally described in (Sub)Exhibit B attached hereto and incorporated herein by reference (the

"Property") and perform other related site preparation. The Property is located within the Redevelopment Area as designated by the T.I.F. Ordinances. Demolition of the four structures on the Property as designated on the attached (Sub)Exhibit B and any related site preparation improvements all as more detailed in (Sub)Exhibit D. The demolition of the buildings and the site preparation is referred to herein as the "Project".

E. The Project will be performed in accordance with this Agreement and the Tax Increment Redevelopment Plan and Redevelopment Project for the Sanitary Drainage and Ship Canal Redevelopment Project Area (the "Redevelopment Plan") attached hereto as (Sub)Exhibit C and incorporated herein by reference.

F. The City plans to use a portion of the proceeds (the "City Funds") of its General Obligation Tender Bonds, Project Series B of 1992 (the "Bonds") issued pursuant to an ordinance adopted by the City Council of the City on July 7, 1992 (the "Bond Ordinance") to pay for part of costs of the Project.

G. The Project is necessary to secure redevelopment of the Property.

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

#### *Section 1.*

#### *Recitals.*

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

#### *Section 2.*

#### *Conditions Precedent.*

Unless otherwise stated herein, the following conditions shall be complied with to the City's satisfaction within five (5) business days prior to the date on which the City will be required to fund the first draw request pursuant to this Agreement and the Escrow Agreement which will

be entered into pursuant to Section 9.02 hereof (the "First Disbursement Date").

#### 2.01 Title.

The Developer at its own expense, shall furnish the City with a title insurance commitment (the "Title Commitment") showing title to the Property in its name, in the most recently revised A.L.T.A. or equivalent form of the title insurance policy, issued by Chicago Title and Trust Company (the "Title Company"). The Title Commitment shall be dated no earlier than 30 days prior to the First Disbursement Date and shall contain only those title exceptions which have been approved by the City's Office of the Corporation Counsel ("Corporation Counsel") and which are set forth in (Sub)Exhibit N attached hereto ("Permitted Exceptions"). At the First Disbursement Date the Title Company shall issue a title insurance policy (the "Title Policy") showing title to the Property in its name in the most recently revised A.L.T.A. form dated as of the date of the first disbursement. The Title Policy shall also contain such endorsements as shall be required by the Corporation Counsel including Comprehensive No. 1, zoning, flood plain status, contiguity, location and survey. The Developer shall also provide certified copies of all easements and encumbrances of record and documentation relating to the purchase of the Property.

#### 2.02 Survey.

The Developer shall furnish the City with five (5) current (dated within 45 days prior to the First Disbursement Date) plats of survey ("Surveys"), acceptable in form and content to the City and the Title Company and prepared by a surveyor registered in the State of Illinois. The Surveys shall be certified to the City and the Title company, and shall also certify whether or not the Property is in a flood hazard area as identified by the United States Department of Housing and Urban Development ("H.U.D.").

#### 2.03 Insurance.

The Developer, at its own expense, shall insure the Property in accordance with Section 13 herein. Certificates or binders evidencing the required coverages, along with paid receipts, shall be delivered to D.P.D..

#### 2.04 Financing.

The Developer shall furnish proof satisfactory to the Corporation Counsel and D.P.D. that the Developer has sufficient funds on hand or

irrevocably available to complete the Project and satisfy its obligations under this Agreement. The Developer shall identify the source of said funds and if a portion of the source is a loan, it shall furnish evidence, satisfactory to Corporation Counsel that such loan in an amount sufficient to complete the Project and is immediately available to be drawn upon to pay for a part of the costs of the Project.

#### 2.05 Opinion Of Developer's Counsel.

The Developer, at its own expense, shall furnish the City with an opinion from the Developer's counsel, substantially similar in form and content to the opinion attached hereto as (Sub)Exhibit E, with such changes as may be reasonably required by the Corporation Counsel.

The opinion shall be from an independent counsel having no direct or indirect financial ownership interest in the Developer or the Property. The opinion shall be delivered to the Corporation Counsel on the First Disbursement Date.

#### 2.06 Evidence Of Compliance With Laws.

The Developer shall furnish the City satisfactory evidence that the Property and the Project are in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, executive orders and codes pertaining to or affecting the Project and the Property.

#### 2.07 Evidence Of Clean Title.

The Developer, at its own expense, shall provide the City with current financing statements, judgment searches and federal and state tax lien searches showing no security interests, judgment, federal or state tax liens on the Developer, the Property or any personal property or fixtures thereon, except for Permitted Exceptions.

#### 2.08 Preconditions Of Disbursement.

The Developer shall satisfy the preconditions of disbursement of the City Funds as provided in the Bond Ordinance, any certifications or representations made by the City in connection with the issuance of the Bonds, the T.I.F. Ordinances, this Agreement and the Escrow Agreement, as defined in Section 9.02 hereof.

*Section 3.*

*Covenants/Representations/Warranties.*

Developer represents, warrants and covenants to the City as follows:

3.01 Compliance With Laws.

The Developer shall be governed by, adhere to, and obey all applicable federal, state and local laws, statutes, ordinances, rules, regulations, executive orders and codes applicable to the Project and the Property.

3.02 General Covenants.

The Developer represents that: (a) the Developer is an Illinois limited partnership duly organized, validly existing, and if required, is qualified or licensed to do business in Illinois; (b) Developer has the right, power and authority to enter into, execute, deliver and perform this Agreement; (c) the execution, delivery and performance by the Developer of this Agreement has been duly authorized by all necessary and valid partnership action and will not violate the Partnership Agreement of Limited Partnership as amended and supplemented, any applicable provision of law, or constitute a breach of default under, require any consent under, or result in the creation of any lien, charge, or encumbrance upon the Project, the Property, or any property of Developer under any agreement, instrument or document to which Developer is now a party or by which Developer is now or may become bound; (d) the Developer shall maintain good, indefeasible and merchantable title to the Property free and clear of all liens (except for the Permitted Exceptions and as provided for herein), undisputed claims and encumbrances; (e) Developer is now and 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 Developer which would impair its ability to perform under this Agreement; (g) Developer has and shall maintain all government permits, certificates and consents (including, without limitation, appropriate environmental clearances and approvals) necessary to conduct its business and to construct and complete the Project; (h) Developer is not in default with respect to any indenture, loan agreement, mortgage, deed, note or any other agreement or instrument related to the borrowing of monies to which Developer is a party or by which Developer is bound; (i) the financial materials furnished to the City by or on behalf of the Developer (the "Financials") are complete, correct and accurately present the assets, liabilities, results of operations and total financial condition of the Developer. Moreover, there has been no



adverse change in the assets, liabilities, results of operations or financial condition of Developer since the date of the Financials.

### 3.03 Redevelopment Plan.

The Developer represents that the Project is in compliance with the Redevelopment Plan.

### 3.04 T.I.F. Bonds.

The Developer will, at the request of the City, approve any reasonable amendments to this Agreement which are necessary or desirable in order for the City to issue its tax incremental financing bonds ("T.I.F. Bonds"), the proceeds of which are intended to be used to reimburse the City for some or all the City Funds it has spent in accordance with this Agreement or to refund a portion of the Bonds. However, nothing herein contained shall be construed as requiring the Developer to approve any amendments which would have a material adverse effect on the Developer or the Project.

The Developer, at its own expense, will provide reasonable assistance in connection with marketing of the T.I.F. Bonds including but not limited to providing descriptions of any improvements on the Property and making representations and providing information regarding its financial condition and assisting the City in preparing any Offering Statement.

### 3.05 Non-Governmental Charge.

The Developer agrees to pay or cause to be paid when due any Non-Governmental Charge (as defined below) assessed or imposed upon the Developer, the Property, or Project, or which becomes due and payable, and which creates, may create, or appears to create a lien (except as provided for herein) upon all or any portion of the Property or Project; provided, however, that if by law, any such Non-Governmental Charge is payable or, at the option of the taxpayer, may be paid in installments, Developer may pay the same together with any accrued interest on the unpaid balance of such Non-Governmental Charge in installments as the same becomes due and before any fine, penalty, interest, or cost may be added thereto for the nonpayment of any such installment and interest. "Non-Governmental Charge" shall mean all non-governmental charges, liens, claims, or encumbrances relating to Developer, the Property, or the Project. The Developer shall furnish D.P.D., within thirty (30) days after D.P.D.'s request, official receipts of the appropriate authority, or other proof satisfactory to D.P.D., evidencing payment of the Non-Governmental Charge in question. The Developer shall have the right before any delinquency occurs 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 and prevent the imposition of a lien or the sale or forfeiture of the Property to collect the same. No such contest or objection shall be deemed or construed in any way as relieving, modifying, or extending the Developer's covenants to pay any such Non-Governmental Charge at the time and in the manner provided in this Agreement.

### 3.06 Use Of Proceeds.

The City Funds made available under this Agreement shall be used solely to pay for City approved T.I.F. eligible costs of the Project.

### 3.07 Terms Of Covenants.

All warranties, representations, and covenants of the Developer contained in this Agreement shall be true, accurate, and complete at the time of the Developer's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto until the later of: a) the date on which there are no bonds outstanding, the security for which in whole or in part are incremental taxes generated by the Property and improvements thereon or; (b) the date on which the City has been fully reimbursed from incremental taxes generated by the Property for amounts it expended for the costs of the Project provided, however, that the term shall in no event be longer than the period for which the Redevelopment Area is in effect. The period defined herein shall hereinafter be the "Term of the Agreement".

### 3.08 Equal Opportunity.

The Developer covenants and agrees that the Project shall be open to all persons regardless of race, color, sex, age, religion, disability, national origin, ancestry, sexual orientation, marital status, parental status, military discharge status or source of income, and that all contractors and subcontractors engaged in the Project shall provide equal opportunity for employment without discriminating against the persons referenced above.

### 3.09 Impairment Of Obligations.

The Developer shall immediately notify D.P.D. of any and all events or actions which may materially affect the Developer's ability to carry on its business operations or perform its obligations under this Agreement or any other documents and agreements for the Term of the Agreement.

### 3.10 Conflict Of Interest.

The Developer warrants and represents that no member, official, or employee of the City has any personal interest, direct or indirect, in the Developer's business; nor shall any such member, official, or employee participate in any decision relating to the Developer's business which affects his/her personal interests or the interests of any corporation, partnership, or association in which he/she is directly interested.

### 3.11 Developer's Liabilities.

The Developer shall not enter into any transaction which would materially and adversely affect the Developer's ability to perform its obligations hereunder or to repay the Developer's Liabilities. The "Developer's Liabilities" shall mean all obligations and liabilities of Developer to the City whether primary, as a surety or guarantor, direct, contingent, fixed or otherwise presently or hereafter owing, due or payable and however evidenced, created, incurred or acquired.

### 3.12 Financial Statements.

The Developer shall maintain and provide to D.P.D. annual audited financial statements prepared by a certified public accountant in accordance with generally accepted accounting principles and practices consistently maintained throughout the appropriate periods commencing January 1, 1993, and every December 31st thereafter for the Term of the Agreement. In addition, upon D.P.D.'s request, the Developer shall submit statements of the Developer's financial condition prepared in accordance with generally accepted accounting principles and practices consistently maintained throughout the requisite periods. Developer shall also submit statements of Developer's employment profile upon the City's request.

### 3.13 Covenant To Perform.

Upon D.P.D.'s approval of the demolition and site preparation contracts ("Project Contracts") (as defined in Section 5 herein) and the Developer's receipt of all required building permits and governmental approvals, the Developer shall perform or cause the work to be performed necessary to complete the Project in accordance with this Agreement and all (Sub)Exhibits attached hereto, the Redevelopment Plan, the T.I.F. Ordinances, the Bond Ordinance, and the Project Contracts and all amendments thereto.

*Section 4.*

*City's Representation.*

The City represents that it has the authority as a home rule unit of local government to execute, deliver and perform the terms and obligations of this Agreement.

*Section 5.*

*Project Specifications.*

**5.01 Project Contract.**

No later than ten (10) days after the execution of this Agreement, and prior to the First Disbursement Date the Developer shall deliver to D.P.D. for its prior review and approval a Contract containing Demolition and Site Preparation Specifications (the "Project Contract") for the Project. D.P.D. shall then have fifteen (15) business days to approve or reject the Project Contract. Failure by D.P.D. to approve or reject the Project Contract within the fifteen-day period shall not be deemed an approval of said Project Contract. The Demolition and Site Preparation Specifications contained in the Project Contract (the "Specifications") may be simultaneously submitted by the Developer to the City's Building Department, Department of Transportation and such other City departments as may be deemed necessary for the Developer to receive the necessary building permits and other governmental approvals for the Project. Demolition and site preparation work on the Project shall not proceed until Developer has received a permit, proof of contractor and subcontractor's bonding and D.P.D.'s approval of the Project Contracts (as that term is defined in Section 9.06). The Developer shall perform the demolition and site preparation in accordance with this Agreement, the Redevelopment Plan, the T.I.F. Ordinances, the Bond Ordinance, the Project Contract, and all amendments thereto, as approved by D.P.D.. The Project Contract shall conform to the Redevelopment Plan as amended from time to time and all applicable state and local laws, ordinances and regulations. Amendments to the Project Contract in the form of Change Orders (as defined below) or otherwise must be submitted by the Developer to D.P.D. for D.P.D.'s prior written approval in accordance with Section 5.02 below.

### 5.02 Change Orders.

The City reserves the right to review Change Orders (as defined below) to determine whether the Project is in compliance with the provisions of this Agreement and all the (Sub)Exhibits attached hereto, the Project Contract and all amendments thereto, the Project Budget as defined in Section 10.01 hereof, the Redevelopment Plan, the T.I.F. Ordinances and the Bond Ordinance. The Developer shall not authorize or permit the performance of any demolition or site preparation relating to the Project or the furnishing of materials in connection with the Project pursuant to any Change Order (as defined below) without giving ten (10) business days prior notice to D.P.D., except for Change Orders the cost of which is Twenty-five Thousand Dollars (\$25,000) or less each, to an aggregate amount of Fifty Thousand Dollars (\$50,000), without obtaining the prior written approval of D.P.D. in each and every instance, which shall be given or denied within ten (10) business days after receipt by D.P.D. of the request for the Change Order and documentation substantiating the need therefor. The Project Contract shall contain a provision to this effect. The term "Change Order" as used in this Agreement shall mean any amendment or modification to the Project Contract or the Project Budget approved by D.P.D. for the Project. An approved Change Order shall not be deemed to imply any obligation by the City to increase funding or other assistance to the Developer.

### 5.03 D.P.D. Approval.

Any approvals made by D.P.D. of the Specifications and the Change Orders are for the purposes of this Agreement only and do not affect or constitute approvals required for building permits or the approvals required pursuant to any City ordinance, code, regulation or any other governmental approvals. Any approval shall have no effect upon nor shall it operate as a waiver of the Developer's obligations to comply with all City codes, ordinances and regulations or any other governmental approvals. Any approval of any Change Order shall not be deemed to imply any increase in funding or other assistance to the Developer.

## *Section 6.*

### *Certification Of Completion.*

Upon completion of the Project in accordance with this Agreement, and at Developer's written request, D.P.D. shall issue the Developer a Certificate of Completion ("Certificate") certifying that Developer has fulfilled its obligation to complete the Project. D.P.D. shall respond to the Developer's

written request for a Certificate within thirty (30) days after D.P.D.'s receipt thereof, by issuing either a Certificate or a written statement detailing how the Project does not conform to this Agreement and any other objections to the issuance of a Certificate which D.P.D. may have and the measures which must subsequently be taken by the Developer prior to obtaining the Certificate. The Developer may resubmit a written request for a Certificate upon completion of these measures.

### *Section 7.*

#### *Utilities/Permit Fees.*

##### 7.01 Utility Connections.

Developer 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 Developer first complies with all City requirements governing such connections, including the payment of any fees and costs related thereto.

##### 7.02 Permit Fees.

In connection with the development of the Project, Developer 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 and are of general applicability to other property within the City.

### *Section 8.*

#### *Performance Bonds.*

The Developer shall require that the demolition contractor and each subcontractor for the Project be bonded for its performance and payment by sureties having an AA rating or better using American Institute of Architects' Form No. A311 or its equivalent. The City shall be named as obligee or additional obligee on each performance bond. However, nothing contained herein shall be construed as requiring the Developer to purchase performance bonds.

*Section 9.*

*T.I.F. Funded Improvements.*

9.01 Authority To Redevelop.

In order to further the development of the Redevelopment Area, the City hereby designates Hawthorn-Campbell Holdings Limited Partnership as the Developer and authorizes the Developer to oversee the planning and coordination of the Project in accordance with this Agreement.

9.02 Construction Escrow.

The City hereby agrees to enter into the Escrow Agreement attached hereto as (Sub)Exhibit F (the "Escrow Agreement") establishing a construction escrow (the "Escrow") with Chicago Title and Trust Company as escrowee (the "Escrowee").

9.03 City Funds.

The City hereby agrees to provide City Funds in an amount not to exceed One Million, Two Hundred Seventy-one Thousand Dollars (\$1,271,000) to finance a portion of the cost of the Project and to reimburse the Developer or fund draw requests pursuant to the Escrow Agreement and this Agreement in such amount; provided, however, that the Developer is in compliance with all provisions of this Agreement, unless otherwise waived by the Commissioner, in her sole discretion. The amount of City Funds available to finance a portion of the cost of the Project and to reimburse the Developer or fund draw requests will be reduced by the amount, if any, of any credit received by the Developer for salvaged items removed from the buildings. Failure to notify the City of any credits shall constitute a material default under this Agreement.

9.04 Funding For Improvements.

The parties agree that the City Funds in the amount set forth in Section 9.03 shall be the partial source of funding for the Project, provided, however, the Developer shall pay the amount by which the actual cost of the Project exceeds such City Funds.

#### 9.05 Bid Requirement.

Prior to entering into an agreement with a contractor for performance of the Project, the Developer shall solicit bids from qualified contractors eligible to do business with, and having an office located in, the City in accordance with the requirements of the Municipal Purchasing Act for Cities of 500,000 or More Population, 65 ILCS 5/8-10-1 et seq., (1992), a copy of which is attached hereto as (Sub)Exhibit G, and the City Purchasing Department Requirements for Bidding and Instructions for Bidders, attached hereto as (Sub)Exhibit H. For purposes of this Agreement the preceding requirements shall apply as if such bids and contract were made directly with or on behalf of the City. The Developer shall select the contractor submitting the lowest responsible bid for the selected Project who can complete the Project in a timely manner. The City shall have the right to inspect all bids submitted and shall have final approval over the bid process. If the Developer selects other than the lowest responsible bidder for the Project, the Developer shall pay the difference between the lowest responsible bid and the bid selected.

#### 9.06 Project Contract.

The Developer shall enter into a Project Contract attached hereto as (Sub)Exhibit I and with the contractor selected in accordance with Section 9.05 above. Within five (5) business days after execution of the Project Contract by the Developer, the contractor, and any other parties thereto, the Developer shall deliver to D.P.D. and the Corporation Counsel a certified copy of the Project Contract together with any modifications, amendments or supplements thereto. Demolition shall not begin until the Project Contract has been approved by D.P.D. and all requisite permits have been obtained.

#### 9.07 Excess Costs.

In the event the aggregate cost of the Project exceeds the amount of the City Funds available pursuant to Section 9.03, the Developer shall be solely responsible for those excess costs pursuant to Section 2.04 and shall hold the City harmless from any and all costs and expenses of completing the Project in excess of the City Funds.

#### 9.08 Failure To Complete.

Subject to Section 19.21, if the Developer fails to complete the Project in accordance with the terms hereof and provided the City has complied in all material respects with the disbursement requirements as set out in the Escrow Agreement, then the City shall have the right (but not the obligation) to complete the Project and to pay for the costs of the Project (including interest costs) out of the City Funds, as appropriate. In the event



that the aggregate cost of completing the Project exceeds the amount of the City Funds available pursuant to Section 9.03, the Developer shall reimburse the City for all costs and expenses incurred by the City to complete the Project in excess of the City Funds made available pursuant to this Agreement.

#### 9.09 Completion.

Subject to Section 19.21, the Developer shall commence the Project by June 1, 1993. The Developer shall complete the Project no later than December 31, 1993.

### *Section 10.*

#### *Project.*

#### 10.01 Project Budget.

The Developer has furnished D.P.D. with a Project budget, attached hereto as (Sub)Exhibit J and incorporated herein, detailing the total costs of the Project (including costs incidental thereto) by line item cost ("Project Budget"). Developer shall certify to the City that the City Funds, together with the financing described in Section 2.04 and other private funds shall be sufficient to pay all Project costs. The Project Budget shall be certified by the Developer to the City to be true, correct and complete in all respects and shall be dated as of the date of this Agreement. The Developer shall promptly deliver to D.P.D. certified copies of any revisions to the Project Budget for approval.

#### 10.02 Progress Reports.

The Developer shall provide D.P.D. with semi-monthly written progress reports detailing the demolition and site preparation status and completion date of the Project.

#### 10.03 Barricades.

Prior to commencing and demolition and site preparation requiring barricades, the Developer shall install a demolition and site preparation barricade of any type, kind and appearance satisfactory to the City and constructed in compliance with all applicable federal, state or city laws, ordinances and regulations. D.P.D. retains the right to reasonably approve

the maintenance, appearance, color scheme, painting, the nature, type, content and design of all barricades and signs thereof.

*Section 11.*

*Disbursement.*

11.01 Payment For Demolition And Site Preparation.

The Developer has prepared (Sub)Exhibit J which lists the costs of the Project by the line item and cost. Prior to authorizing payment of an amount in excess of any allocated line item amount, Developer shall give five (5) days prior written notice to D.P.D. specifying (i) the nature of the demolition and/or site preparation and the amount allocated to the Project in (Sub)Exhibit J; (ii) the amount in excess of the line item amount; (iii) the reason for the excess amount; and (iv) the availability of other funds to cover the excess amount. In addition, if no contingency fund for demolition exists or if 50% or less of the established contingency fund remains, the Developer shall not pay nor authorize payment of an amount in excess of any allocated line item amount unless: (i) the Developer has satisfied D.P.D. that there are sufficient funds available with which to complete the remaining Project.

11.02 City Fees.

The City may allocate the sum of Sixty Thousand Dollars (\$60,000.00) for payment of costs incurred by the City for the administration and monitoring of the Project. Such fee shall be in addition to, and shall not be deducted from or be considered as part of the City Funds under this Agreement, nor shall Developer be required to pay any portion of such fee. However, such fee may be paid to the City from available tax increment funds.

*Section 12.*

*Indemnification.*

The Developer agrees to indemnify, defend and hold the City harmless from and against any losses, costs, damages, liabilities, claims, suits, actions, causes of action and expenses (including, without limitation, reasonable attorneys' fees and court costs) suffered or incurred by the City arising from or in connection with (i) the Developer's failure to comply with

any of the terms, covenants and conditions contained within this Agreement, or (ii) Developer's or any contractor's failure to pay contractors, subcontractors or materialmen in connection with the Project, or (iii) the existence of any material misrepresentation or omission in any offering memorandum or the Redevelopment Plan which is the result of information supplied or omitted by the Developer or its agents, employees, contractors or persons acting under the control or at the request of the Developer or (iv) the Developer's failure to cure any misrepresentations in this Agreement or any other agreement relating hereto.

*Section 13.*

*Insurance.*

13.01 Prior To The Closing Date.

The Developer shall procure, maintain and keep in force the following policies of insurance:

(a) Worker's Compensation And Occupational Disease Insurance.

Worker's Compensation and Occupational Disease Insurance, in statutory amounts covering all employees who are to provide a service under this contract. Employer's liability coverage with limits of not less than \$100,000 each accident or illness shall be included.

(b) Commercial Liability Insurance (Primary And Umbrella).

Commercial Liability Insurance or equivalent with limits of not less than \$1,000,000 per occurrence, combined single limit, for bodily injury, personal injury, and property damage liability. Products/completed operations, explosion, collapse, underground, independent contractors, broad form property damage and contractual liability coverages are to be included. The City of Chicago is to be named as an additional insured.

(c) Automobile Liability Insurance

When any motor vehicles are used in connection with work to be performed the Contractor shall provide Automobile Liability Insurance with limits of not less than \$1,000,000 per occurrence combined single limit, for bodily injury and property damage. The City of Chicago is to be named as an additional insured.

### 13.02 Other Provisions.

The Developer and Contractor will furnish the City of Chicago, Department of Finance, Risk Management Office, 5th Floor, Room 5A, 510 North Peshtigo Court, Chicago, Illinois 60611, original Certificates of Insurance evidencing the required coverage to be in force on the date of this agreement, and Renewal Certificates of Insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term of this agreement. The Developer or Contractors shall submit evidence of Insurance on the City of Chicago Insurance Certificate of Coverage form, (copy attached) prior to contract award.

If Developer fails to obtain or maintain any of the insurance policies required under this Agreement or pay any premium in whole or in part when due, City may (without waiving or releasing any obligation or Event of Default by Developer hereunder) obtain and maintain such policies and take any other action which City deems advisable to protect in the Property and/or Project. All sums so disbursed by City including reasonable attorney's fees, court costs and expenses, shall be reimbursed by the Developer upon demand by the City.

The insurance shall provide for 30 days prior written notice to be given to the City in the event coverage is substantially changed, cancelled, or non-renewed.

Developer shall require all contractors and subcontractors to carry the insurance required herein, or Developer may provide the coverage for any or all contractors and subcontractors, and, if so, the evidence of insurance submitted shall so stipulate.

Developer agrees, and shall cause each contractor and subcontractor to agree that any insurance coverages and limits furnished by the Developer and contractors or subcontractors shall in no way limit the Developer's and contractor's or subcontractor's liabilities and responsibilities specified under this Agreement or any related documents or by law.

The Developer agrees and shall cause each contractor and subcontractor in connection with the Project to agree that all insurers shall waive their rights of subrogation against the City of Chicago.

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

*Section 14.*

*Maintaining Records/Right To Inspect.*

14.01 Books And Records.

The Developer shall keep and maintain separate, complete, accurate and detailed books and records necessary to reflect and fully disclose the amount and disposition of the total cost of the activities paid for with the City Funds. All such books, records and other documents including but not limited to, the Developer's loan statements, general contractors' sworn statements, general contracts, subcontracts, purchase orders, waivers of lien, paid receipts and invoices shall be available at the Developer's offices for inspection, copying, audit and examination by an authorized representative of the City. The Developer shall incorporate this right to inspect, copy, audit and examine all books and records into all contracts entered into by Developer with respect to the Project.

14.02 Inspection Rights.

Any authorized representative of the City shall have access to the Project during normal business hours for the Term of this Agreement provided that the City shall give Developer 24-hour prior notice.

*Section 15.*

*Conditional Provisions.*

The provisions set forth in (Sub)Exhibit K hereto will become effective at the sole option of the City and upon the City's receipt of an opinion from nationally recognized bond counsel that the effectiveness of those provisions will not adversely affect the tax-exempt status of the Bonds or any T.I.F. Bonds that have been issued by the City. In the event that the City exercises its option to make the provisions in (Sub)Exhibit K effective, it shall so notify the Developer in accordance with Section 17 hereof.

*Section 16.*

*Equal Employment Opportunity.*

The Developer and its successors and assigns, contractors, tenants and lessees, agree that for the Term of the Agreement:

(a) The Developer shall not discriminate against any employee or applicant for employment on the basis of race, color, religion, sex, national origin, ancestry, age, mental or physical disability, sexual orientation, marital status, parental status, military discharge status or source of income, as defined in the City of Chicago Human Rights Ordinance adopted December 21, 1988. The Developer will take affirmative action to insure that applicants are employed and employees are treated during employment without regard to their race, color, religion, sex, national origin, ancestry, age, mental or physical disability, sexual orientation, marital status, parental status, military discharge or source of income. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruiting or recruiting advertising; layoff or termination; rates of pay or other forms of compensation and selection for training, including apprenticeship. The Developer 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.

(b) To the greatest extent feasible, the Developer shall create training and employment opportunities for the benefit of low- and moderate-income residents of the Redevelopment Area. Moreover, to the greatest extent possible, contracts for work performed in connection with the Project shall be awarded to business concerns which are located in, or owned in substantial part, by persons residing in the Redevelopment Area.

(c) All solicitation or advertisement for employees placed by or on behalf of the Developer shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, ancestry, age, mental or physical disability, sexual orientation, marital status, parental status, military discharge or source of income.

(d) Simultaneously upon the execution and delivery of the Agreement, the Developer and the City of Chicago, Mayor's Office of Employment and Training ("M.E.T.") will enter into a "First Source Agreement" in the form attached hereto as (Sub)Exhibit I and incorporated herein.

(e) The Developer shall comply with federal and state equal employment and affirmative action statutes, rules, and regulations, including but not limited to the City and State Human Rights Acts, and any subsequent amendments and regulations promulgated pursuant thereto.

(f) The Developer agrees to be bound by and comply with the Minority Business Enterprise and Women Business Enterprise commitment provisions contained in (Sub)Exhibit L attached hereto and incorporated herein. For the purposes of this Agreement, the following terms used in (Sub)Exhibit L have the following meanings: (i) "Year Advertised" shall mean year of the First Disbursement Date, (ii) "Contractor, Bidder and Proposer" shall mean the Developer and (iii) "Total Contract Prices" shall mean total costs of the Project as indicated in the Project Budget.

(g) The Developer will include the foregoing provisions in every contract entered into in connection with the Project, and will require the inclusion of these provisions in every subcontract entered into by any of its subcontractors, and every lease and sublease so that such provision will be binding upon each contractor or subcontractor, tenant or subtenant, as the case may be. The term "Developer" as used in this section shall be deemed to include the Developer's successors, assigns, contractors, subcontractors, tenants and lessees.

#### *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) electronic communications, whether by telex, telegram, or telecopy; (c) overnight courier; or (d) registered or certified mail, return receipt requested.

If To 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  
Finance and Economic Development  
Division  
121 North LaSalle Street,  
Room 511  
Chicago, Illinois 60602

If To Developer: Hawthorn-Campbell Holdings  
Limited Partnership  
10275 West Higgins Road,  
Suite 200  
Rosemont, Illinois 60018  
Attention:

With Copies To: Gould & Ratner  
222 North LaSalle Street,  
Chicago, Illinois 60601  
Attention: Stephen Sandler

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 by electronic means. Any notice, demand or request sent pursuant to clause (c) shall be deemed received on the day immediately following deposit with the overnight courier and any notices, demands or requests sent pursuant to subsection (d) shall be deemed received forty-eight (48) hours following deposit in the mail.

*Section 18.*

*Environmental Matters/Hazardous Waste.*

The Developer hereby represents and warrants to the City that the Developer has conducted environmental studies sufficient to conclude that the Project may be completed in accordance with this Agreement and all (Sub)Exhibits attached hereto, the Project Contract and all amendments thereto, the Bond Ordinance, the T.I.F. Ordinances and the Redevelopment Plan.

Without limiting any other provisions hereof, the Developer agrees to indemnify 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 of the following (collectively, "Environmental Laws"): the Comprehensive Environmental Response, Compensation and Liability Act of 1980 as amended, any so-called "Superfund" or "Superlien" law or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree now or hereafter in force regulating, relating to or imposing liability or standards of conduct concerning any Hazardous Material incurred, suffered by or asserted against the City as a direct or indirect result of any of the following, regardless of whether or not caused by, or within the control of Developer: (i) the presence of any Hazardous Material on or under, or the escape, seepage, leakage, spillage, emission, discharge or release of any Hazardous Material from (A) all or any portion of the Property or (B) any other real property in which the Developer holds any estate or interest whatsoever (including, without limitation, any property owned by a land trust in which the beneficial interest is owned, in whole or in part, by Developer), or (ii) any liens against the Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligations of the City or any of its subsidiaries under any Environmental Laws relating to the Property.

*Section 19.*

*Miscellaneous.*

19.01 Amendment.

This Agreement and any (Sub)Exhibits attached hereto, may not be amended without the prior written consent of the City.

19.02 Entire Agreement.

This Agreement (including the (Sub)Exhibits attached hereto) 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.

19.03 Limitation Of Liability.

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

#### 19.04 Further Assurances.

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

#### 19.05 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.

#### 19.06 Disclaimer.

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

#### 19.07 Headings.

The paragraph and section headings contained herein are for convenience only and are not intended to limit, vary, define or expand the content thereof.

#### 19.08 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.

#### 19.09 Recordation.

The Developer, at its own expense, shall on the Closing Date execute and deliver an original of this Agreement in proper form for recording and/or indexing in the appropriate governmental land records.

#### 19.10 Assignment.

Except for the purpose of obtaining financing for the Project, the Developer may not sell, transfer, assign or otherwise dispose of this Agreement in whole or in part without the written consent of the City. The Developer consents to the City's sale, transfer, assignment or other disposal of this Agreement at any time in whole or in part.

#### 19.11 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.

#### 19.12 Conflict.

In the event of a conflict between any provisions of this Agreement and the provisions of the Bond Ordinance, the Bond Ordinance shall prevail and control.

#### 19.13 Governing Law.

This Agreement shall be governed by and construed in accordance with Illinois law.

#### 19.14 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.

#### 19.15 Term Of Agreement.

This Agreement and all provisions herein shall remain in full force and effect for the period provided for in Section 3.07.

#### 19.16 Signs.

The Developer is required to erect a sign of size and style approved by the City in a conspicuous location on the Property for a period of two years, indicating that financing has been provided by the City, and the City reserves the right to include the name, photograph, artistic rendering and

other pertinent information of the Developer, the Property and the Project in the City's promotional literature and communications.

#### 19.17 Approval.

Wherever this Agreement provides for the approval or consent of the City or D.P.D., or any matter is to be to the City's or D.P.D.'s satisfaction, unless specifically stated to the contrary, such approval, consent or satisfaction shall be made, given or determined by the City or D.P.D. in their sole discretion.

#### 19.18 Binding Effect.

This Agreement shall be binding upon the Developer and its successors and assigns and shall inure to the benefit of the City, its successors and assigns.

#### 19.19 Waiver.

Waiver by the City or the Developer with respect to any breach of this Agreement shall not be considered or treated as a waiver of the rights of the respective parties with respect to any other default or with respect to any particular default except to the extent specifically waived by the City or the Developer in writing.

#### 19.20 Specific Performance.

Upon a breach of this Agreement, either of the parties in any court of competent jurisdiction may by any action or proceeding at law or inequity, secure the specific performance of the covenants and agreement herein contained or may be awarded damages for failure of performance or both. In addition to the foregoing, in the event of a default under this Agreement by the Developer, the City may suspend disbursement of the City Funds.

#### 19.21 Force Majeure.

For the purposes of any of the provisions of this Agreement, neither the City nor Developer, as the case may be, nor any successor in interest, shall be considered in breach of or default in 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 rainstorms or below

freezing temperatures of abnormal degree or quantity 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 respective obligations hereunder.

In Witness Whereof, The parties hereto have caused this Agreement to be executed on or as of the day and year first above written.

Developer:

Hawthorn-Campbell Holdings  
Limited Partnership,  
an Illinois limited partnership

By: \_\_\_\_\_

Its: \_\_\_\_\_

Attest:

By: \_\_\_\_\_

Its: \_\_\_\_\_

City:

City of Chicago, an Illinois  
municipal corporation

By: \_\_\_\_\_

Valerie B. Jarrett  
Commissioner, Department of  
Planning and Development

State of Illinois )  
                          ) SS:  
County of Cook )

I, \_\_\_\_\_, a Notary Public in and for the said County, in the State aforesaid, Do Hereby Certify \_\_\_\_\_, personally known to me to be \_\_\_\_\_ of Hawthorn-Campbell Holdings Limited Partnership and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed, and delivered said instrument as a free and voluntary act for the uses and purposes therein set forth.

\_\_\_\_\_  
Notary Public

[Seal]

My commission expires \_\_\_\_\_

State of Illinois )  
                          ) SS:  
County of Cook )

I, \_\_\_\_\_, a Notary Public in and for the said County, in the State aforesaid, Do Hereby Certify that \_\_\_\_\_ personally known to me to be the Commissioner of the Department of Planning and Development of the City of Chicago and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that as such \_\_\_\_\_ signed, sealed and delivered said instrument pursuant to the authority given by the City of Chicago as \_\_\_\_\_ free and voluntary act and deed, and as the free and voluntary act and deed of the City of Chicago, for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this \_\_\_\_\_ day of \_\_\_\_\_,  
1993.

\_\_\_\_\_  
Notary Public

[Seal]

My commission expires \_\_\_\_\_

[(Sub)Exhibits "A" through "I", "L" through "N" and Insurance  
Certificate of Coverage Form referred to in this  
Redevelopment Agreement unavailable at  
time of printing.]

(Sub)Exhibits "J" and "K" attached to this Redevelopment Agreement read  
as follows:

*(Sub)Exhibit "J".*

*Demolition Budget.*

U.S. Dismantlement And Demolition Management (Demolition and Asbestos Removal and Supervision)	\$1,175,000
Construction Management	30,000
R.E.I. Environmental (Asbestos Removal Consultants)	36,000
Gould & Ratner (Legal Services)	15,000

Kane McKenna	\$ 10,000
(T.I.F. Consultant Services)	
Testing Service Corporation	10,000
Total:	<u>\$1,271,000</u>

*(Sub)Exhibit "K".*

A. Governmental Charges.

The Developer agrees to pay or cause to be paid when due all Governmental Charges (as defined below) which are assessed or imposed upon the Developer, the Hawthorn-Campbell Holdings Limited Partnership Property (the "Property") or the Project, or become due and payable, and which create, may create, or appear to create a lien upon all or any portion of the Property or the Project. "Governmental Charge" shall mean all federal, state, county, city, or other governmental (or any instrumentality, division, agency, body, or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances relating to Developer, the Property or the Project including, specifically, real estate taxes. The Developer shall have the right before any delinquency occurs to contest or object in good faith to the amount or validity of any Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted in such manner as shall stay the collection of the contested Governmental Charge and prevent the imposition of a lien or the sale or forfeiture of the Property to collect the same. However, the Developer's right to challenge real estate taxes applicable to the Property is limited as provided for in paragraph B below, and provided, further, that such real estate taxes must be paid in full when due and may be disputed only after such payment is made. No such contest or objection shall be deemed or construed in any way as relieving, modifying or extending the Developer's covenants to pay any such Governmental Charge at the time and in the manner provided in this Agreement unless the Developer has given prior written notice to D.P.D. of the Developer's intent to contest or object to a Governmental Charge and, unless at D.P.D.'s sole option (i) the Developer shall demonstrate to D.P.D.'s satisfaction that legal proceedings instituted by the Developer contesting or objecting to a Governmental Charge shall conclusively operate to prevent a lien against or the sale or forfeiture of all or any part of the Property to satisfy such Governmental Charge prior to final determination of such proceedings and/or (ii) the Developer shall furnish a good and sufficient bond or other security satisfactory to D.P.D. in such form and amounts as D.P.D. 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 during the pendency of such contest, adequate to pay fully any such contested Governmental Charge and all interest and penalties upon the adverse determination of such contest. If the Developer fails to pay any Governmental Charge or to obtain discharge of the same, the Developer shall advise D.P.D. thereof in writing, at which time D.P.D. may, but shall not be obligated to, and without waiving or releasing any obligation or liability of Developer under this Agreement, in its sole discretion, make such payment, or any part thereof, or obtain such discharge and take any other action with respect thereto which D.P.D. deems advisable. All sums so paid by D.P.D., if any, and any expenses, if any, including reasonable attorneys' fees, court costs, expenses, and other charges relating thereto, shall be promptly disbursed to D.P.D. by the Developer. However, notwithstanding anything contained herein to the contrary, this paragraph shall not be construed to obligate the City to pay any such Governmental Charge. [Additionally, if the Developer fails to pay any Governmental Charge, the City, in its sole discretion, may require the Developer to submit to the City audited financial statements at the Developer's own expense.]

#### B. Real Estate Taxes.

1. Acknowledgement of Real Estate Taxes. The Developer agrees that (i) for the purpose of this Agreement, the total projected minimum assessed value of the Property which is necessary to support the debt service indicated ("Minimum Assessed Value") is shown on (Sub)Exhibit M attached hereto and incorporated herein by reference for the years noted on (Sub)Exhibit M; (ii) Part II of (Sub)Exhibit M sets forth the specific improvements which will generate the fair market values, assessments, equalized assessed values and taxes shown thereon; and (iii) the real estate taxes anticipated to be generated and derived from the respective portions of the Property for the years shown are fairly and accurately indicated in (Sub)Exhibit M.

2. Real Estate Tax Exemption. With respect to the Property neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer shall apply for, seek, or authorize any exemption (as such term is used and defined in the Illinois Constitution, Article IX, Section 6 (1970)) for any year that the Redevelopment Plan is in effect.

3. No Reduction in Real Estate Taxes. Neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer shall directly or indirectly, initiate, seek or apply for proceedings in order to lower the assessed value of all or any portion of the Property or the Project below the amount of the Minimum Assessed Value as shown in (Sub)Exhibit M.

4. No Objections. Neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer,

shall object to or in any way seek to interfere with, on procedural or any other grounds, the filing of any Underassessment Complaint or subsequent proceedings related thereto with the Cook County Assessor or with the Cook County Board of Appeals, by either the City or by any taxpayer. The term "Underassessment Complaint" as used in this Agreement shall mean a complaint seeking to increase the assessed value of the Project.

5. Covenants Running with the Land. The parties agree that the restrictions contained in this Paragraph B are covenants running with the land and this Agreement shall be recorded by the Developer as a memorandum thereof, at the Developer's expense, with the Cook County Recorder of Deeds on the Closing Date. These restrictions shall be binding upon the Developer and its agents, representatives, lessees, successors, assigns and transferees from and after the date hereof, provided however, that the covenants shall be released when the Redevelopment Area is no longer in effect. The Developer agrees that any sale, conveyance, or transfer of title to all or any portion of the Property or Redevelopment Area from and after the date hereof shall be made subject to such covenants and restrictions.

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AUTHORIZATION FOR EXECUTION OF CERTIFICATE OF  
PARTICIPATION LOAN WITH NORTHERN TRUST  
COMPANY FOR UNIVERSAL DESIGN  
COLLECTIONS, INC.

The Committee on Finance submitted the following report:

CHICAGO, June 9, 1993.

*To the President and Members of the City Council:*

Your Committee on Finance, having had under consideration an ordinance authorizing the execution of a participation loan agreement with Universal Design Collections, Inc., located at 850 North Ogden Avenue, in the amount of \$500,000, having had the same under advisement, begs leave to report and recommend that Your Honorable Body *Pass* the proposed ordinance transmitted herewith.