

LARGE COMMUNITY DEVELOPMENT GRANT: PROGRAM MANUAL

**DEPARTMENT OF PLANNING AND DEVELOPMENT
BUREAU OF ECONOMIC DEVELOPMENT**

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I. CDG-L PROGRAM INTRODUCTION & OVERVIEW

Large Community Development Grants (CDG-L) are intended to fund more complex development projects than the Medium Community Development Grant program (CDG-M) , and require more than \$5,000,000 in financial assistance from the City. CDG-L applications are reviewed and awarded on a rolling basis to eligible projects that demonstrate impactful development, job creation, and quality of life improvements to neighborhood residents and visitors. Given the larger dollar amount of awards, CDG-Ls are generally subject to more rigorous covenants, requirements, and conditions than Medium Grants.

The CDG-L program is a consolidation of the Department of Planning and Development's (DPD) capital project funding sources– including bond funds from the Chicago Recovery Plan (CRP), the [Housing and Economic Development Bond \(HED\)](#), and Tax Increment Financing (TIF) – which previously operated as separate grant programs. The consolidation of these as the CDG-L combined the most effective components into a single unified program that utilizes a unified set of rules and regulations, regardless of funding source. DPD reviews all applications for each eligible financing source and matches projects to the most appropriate source.

II. CDG-L ELIGIBILITY REQUIREMENTS

Who can apply for CDG-L?

Tenants and lessees; property owners and lessors; business owners; and developers are eligible to apply for CDG-L. Eligible users can apply independently or in combination with another eligible user, such as an owner-occupied building. Non-profit, social service, and religious organizations are eligible to apply for CDG-L but the project must be an eligible use that is generally accessible to the public.

What does CDG-L fund?

The CDG-L program fund capital real estate development projects proposing to construct a new structure or building addition; rehabilitate an existing structure; or a combination of both. The proposed project must be primarily comprised of one of the following uses either independently, or combined with another eligible use:

- Commercial (office, retail)
- Industrial and Manufacturing
- Residential (must include 10+ units, subject to the Affordable Requirements Ordinance, and 100% ground floor commercial use)
- Cultural (museums, theaters, performance venues)
- Institutional (healthcare, education)
- Social Services (workforce development, unhoused interventions, etc.)

All uses must be generally accessible to the public and should add to the economic vitality of the surrounding neighborhood, benefit the community, and meet a local need. Projects must also be received as proposals, meaning construction of these projects must not be completed when the application is submitted.

Projects that include a residential component with fewer than 10 units will be ineligible for funding for the residential portion of the project; however, the commercial portion may be eligible for funding, pending eligible costs and requested grant amount. Projects that include a residential component with 10 or more units are eligible for funding for the residential portion, but must comply with the City's [Affordable Requirements Ordinance](#) by providing all affordable units on-site, within the proposed project.

The eligibility of all projects is evaluated by DPD on a case-by-case basis.

How much does CDG-L fund?

The CDG-L program is intended to fund more complex commercial real estate projects that require more than \$5,000,000 in financial assistance from the City. While there is no restriction on either the total amount of City funds that can be provided or the percentage of City funds included in the budget, CDG-L projects are subject to underwriting and have historically been no more than 25% of the total proposed project costs. Applicants seeking less than \$5 million in funding must apply for a [CDG-M grant](#).

The funding structure, amount, and source are all determined by DPD and is subject to a review of the final budget to determine if there are sufficient eligible project costs. Awards for CDG-L may be provided as a grant, forgivable loan, or traditional loan at the discretion of DPD.

All outside financing needed to complete the proposed project is the responsibility of the applicant. These sources generally include a combination of equity, debt, charitable donations, additional subsidies, or grants. If a project has previously received or was awarded City assistance, an applicant may still apply for a CDG-L, as long as the new grant request and other City funding source exceeds a total of \$5,000,000.

How can CDG-L funds be spent?

CDG-L funds can be used to reimburse the following project costs associated with the eligible project uses, referenced above. These are referred to as “eligible costs.”

Hard Costs

Hard costs are associated with construction and permanent building improvements. Eligible hard costs include, but are not limited to, the following:

- Site preparation, including clearing, demolition, earthwork and environmental remediation
- Substructure, including foundations and basement
- Shell, including roof, floor, exterior walls, windows, and doors
- Interior construction, including walls, doors, stairs, floors, and ceilings.
- Building mechanicals and services, including electrical, plumbing, HVAC, fire protection, and elevators
- Public infrastructure (e.g. sidewalks, landscaping, storm sewers, sight lighting) as part of a capital project

Soft Costs

Soft costs are associated with professional services and fees related to eligible hard costs. Eligible soft costs include, but are not limited to, the following:

- Architectural, engineering and design (e.g. feasibility studies, master planning, design work)
- Land and real estate costs (e.g. legal fees, appraisals, assessments, real estate research, surveying)
- Site preparation (e.g. cost estimates; surveys; traffic, geotechnical, and environmental studies)
- Zoning (e.g. legal fees associated with a zoning amendment)

Acquisition Costs

Acquisition costs are associated with acquiring real estate and property. Eligible acquisition costs include that of the land, improvements, legal and professional services, and typical closing costs. Acquisition costs are eligible if they are arms-length transactions that were incurred within two years of the application being submitted.

Projects with acquisition costs must include substantial and related rehabilitation or new construction work. Applications submitted only for reimbursement of property acquisition costs, without an associated structural rehabilitation or new construction project (redevelopment project), will not be considered for the CDG-L program.

How can't CDG-L funds be spent?

CDG-L funds cannot be used to reimburse any of the following, regardless of their association with the eligible project uses.

- Hard costs related to furnishings, fixtures, and equipment (e.g. refrigerators, tables, desk chairs); however, these costs can be included in the total proposed project cost, provided they are purchased for the proposed project and will be located at the proposed project site.
- Hard or soft costs related to surface parking lots (e.g. design, construction, resurfacing, etc.), unless it is specifically required as an engineered barrier that addresses environmental remediation concerns.
- Projects that only correct deferred maintenance issues (e.g. roof repairs, boiler system replacement).
- Projects that only conduct minor structural/site repairs and improvements (e.g. outdoor patio resurfacing).
- Projects that only address building repairs compelled by a Circuit Court Order (e.g. ADA compliance).
- Operational expenses of any kind, including administrative costs or staff salaries.
- Projects that include Low-Income Housing Tax Credit (LIHTC) funds as a source of financing.
- Projects that only improve government facilities.

Are there location requirements for CDG-L?

No. CDG-L can fund proposed projects anywhere in the City of Chicago.

III. CDG-L PROJECT SELECTION PROCESS

CDG-L applications are accepted and reviewed on a rolling basis. Applicants must complete and submit a [City of Chicago CDG-L Grant Application](#) through the City's online platform, Submittable. Applicants must complete the free registration with Submittable to apply.

All eligible projects are evaluated by staff for all eligible funding sources administered by the Bureau of Economic Development.

How are applications reviewed?

DPD staff first determine if the proposed project is eligible for CDG-L based on the amount of funds requested and the proposed uses of funds. Any proposed project determined ineligible will not be fully reviewed by DPD. Projects that are determined eligible are reviewed for potential issues related to zoning, design, and historic preservation, and evaluated by the following criteria:

Project Site

- Property Identification Numbers (PINs) associated with subject property have clean titles without liens, unpaid taxes or court orders.
- The condition of the land and structures, site suitability, and environmental issues of the subject property.
- Submission of photos of the subject property site and existing structures (interior and exterior).

Project Proposed Uses

- Proposed project uses are permitted by-right, or applicant is in the process of a required zoning amendment.
- If tenants are involved, the applicant submits signed lease agreements or letters of interest for all tenants.
- All proposed project occupants, whether by owner or tenant, are registered and in good standing with the Illinois Secretary of State.

Project Impact

- Identifying if the proposed project will bring a new business to the community, enhance an existing business, or retain an existing business.
- Fully detailing the proposed project services and explains how these services will impact surrounding uses and development.
- Fully detailing how the proposed project will impact current and future business operations and explains the benefits of operating their business in the community
- Fully detailing the structural work and site work needed to complete the proposed project.
- Projecting the total number of permeant jobs either created or retained as a result of the project.

Project Documents

- Submission of documentation evidencing site control: executed lease of at least five years; deed; real estate contract; letter of intent to lease or purchase; City Land Sale application acceptance.
- Submission of executed leases or letters of intent to lease, for at least five years, from all tenants listed as proposed Project occupants.
- Submission of a detailed site plan, detailed elevations and detailed renderings that represent the project narrative.
- Submission of design documents reflecting the [City's Neighborhood Design Guidelines](#).
- Submission of a detailed contractor estimate that represents the project narrative.

Project Budget and Financing

- Submission of a fully completed Developer Input Form (DIF) inclusive of Development Assumptions, Development Costs and Capital Stack.
- Demonstration that the Development Costs, Capital Stack and contractor estimate are aligned and that the project's sources and uses are in balance.
- Submission of financial documentation to support the non-City portion of the budget in an amount that matches the amounts in the Capital Stack. This may include:
 - Bank account statements in applicant's name with account numbers redacted
 - Loan term sheets or agreements in applicant's name
 - Signed and notarized letters indicating gifts of funds to applicant
 - Formal commitments of outside funds to Applicant that specify the nature and terms of the obligations
- Demonstration that the project has exhausted all potential, outside funding sources and cannot proceed with the project without the funding request.
- Submission of a statement of financial need explaining how the proposed project is experiencing economic hardship and why it would have unacceptable returns without City assistance.

Additional Site Characteristics

Projects are also reviewed for the general site characteristics identified below. The presence of these factors is not a requirement to be selected for CDG-L, but projects demonstrating one or more of these are given greater consideration:

- Subject property is in a Community Area on the City's South, Southwest, and West sides.
- Subject property is a Chicago Landmark, Contributing Building, or Orange-Rated Building.
- Subject property is a County- or City-Owned Parcel.
- Subject property is vacant.
- Subject property has been vacant for at least 24 consecutive months.

What happens after my application is submitted?

Staff will begin to review the application and move the project through DPD's internal processes. If a project is generally eligible, DPD staff will follow-up with the applicant with a deficiency letter requesting additional materials, clarification of issues, or other items. The deficiency letter is

typically provided to the applicant within four to six weeks after the submission of the application.

How long does the application review process take?

In total, the overall approval process – from the time an application is submitted, approved by City Council, and a Redevelopment Agreement is executed – can take anywhere from nine to twelve months depending on the complexity of the project.

V. CDG-L PROGRAM APPROVAL PROCESS

After a CDG-L project is initially recommended for funding, the applicant will work with DPD to define the terms and conditions of the use of City funds. These will eventually be established in a Redevelopment Agreement (RDA) that is subject to City Council approval. During this time, the applicant is required to fulfill a set of conditions and progress through the required approval process. It is important to note that DPD does not have the legal authority to award funds until the project is approved by City Council and subsequently executes a Redevelopment Agreement. Therefore, it is not recommended that applicants begin construction on any portion of their project until the following steps are completed.

What is the process for receiving grant approval and becoming a grantee?

During this time, the applicant is required to fulfill a set of conditions, and the project progresses through internal approvals. This process is expected to take approximately nine to twelve months, depending on the complexity of the project.

Term Sheet

CDG-L applicants will receive a Term Sheet, which outlines the general business terms, conditions for receiving the grant, and the amount of funds being recommended by DPD. This document is not meant to be a legal contract, but instead used to establish consensus between the applicant and the City regarding the project and the use of City funds. Following the orientation, finalists receive a Term Sheet from their DPD project manager, which outlines the terms and conditions for receiving the grant, and the official amount of funds being awarded to the finalist.

Community Development Commission

State law requires that CDG-L projects that are recommended to be awarded TIF funds must also be reviewed by the City's Community Development Commission (CDC). Project that are either bond- or NOF-funded are not subject to CDC review. The purpose of CDC is to provide City Council with a non-binding recommendation to support the proposed project and the use of TIF funds, identify the developer of the proposed project, and to authorize DPD to negotiate an RDA with the developer for the project. Prior to the item being placed on the CDC agenda, applicants must submit:

NOTIFICATION TO M/WBE LETTERS

Developers are required provided notification of the proposed project by certified mail to minority and women contractor's associations. This includes information about the project and potential opportunities for minority- or women-owned businesses to participate in the project.

Redevelopment Agreement

An RDA will then be drafted using the agreed upon terms and conditions previously negotiated in the Term Sheet. The RDA is a legally binding agreement detailing the legal requirements for

receiving CDG-L funds, and is signed, or executed, by both the applicant and the City proceeding approval by City Council.

City Council Approval

Following the Developer and DPD reaching consensus regarding the RDA, DPD will submit an ordinance to City Council for their consideration. This is typically a two-month process. In the first month, the legislation is introduced to City Council and referred to the relevant Committee – generally the Committee on Finance for CDG-L projects. In the following month, the item will be presented by DPD to Committee and subsequently subject to a vote. If the item is approved by Committee, the item will then move forward to City Council for a second vote by the body as a whole. Prior to the introduction of legislation to City Council for review and approval, applicants must submit:

ECONOMIC DISCLOSURE STATEMENT & AFFIDAVIT

The City of Chicago requires disclosure of the information requested in the Economic Disclosure Statement and Affidavit (“EDS”) before any City agency, department, or City Council action regarding the matter that is the subject of the EDS. Individual forms must be completed by all individuals, corporations, or other entities that an economic interest greater than 7.5% of the project’s legal ownership or lease. EDS forms are subject to review and approval by the Department of Law.

SCOFFLAW REVIEW

DPD will initiate and conduct a preliminary Scofflaw review to determine any indebtedness the applicant, or its affiliates, may owe to the City. Any debts owed by the applicant due to unpaid parking tickets, water bills, inspection fees, permit fees, child support/alimony, building code violation, and other administrative hearing fees, must be paid in full, or show evidence of entering a payment plan through the Office of the Comptroller. Applicants must meet one of these conditions to receive City Council approval and grant funds. If more than 120 days have lapsed between the initial Scofflaw review and City Council approval, a second Scofflaw review will be conducted.

RDA Execution

Following approval by City Council, the award of CDG-L funds is not finalized until an RDA is jointly executed – or “closed” – between Developer and the City. A pre-condition of the execution of the RDA is the submission of specific materials to the City by the Developer. These include, but are not limited to, the following items:

CORPORATE DOCUMENTS

The Developer must submit a copy of its articles or certificate of incorporation or organization containing the original certification of the Secretary of State, in Good Standing.

ENVIRONMENTAL REVIEW

The Developer must provide all environmental reports or audits they have obtained for the proposed project property, including a Phase I Environmental Site Assessment for any unassessed portion of the proposed project property, as well as written verification

from the appropriate municipal, State and/or federal environmental agency that any identified environmental issues have been resolved to their satisfaction.

PRE-CONSTRUCTION COMPLIANCE MEETING

The Developer, general contractor, and all major subcontractors must meet with DPD's Construction Compliance staff to review the plan to achieve the City's Construction Compliance obligations (MBE/WBE, City Residency and Prevailing Wage Requirements). The finalist must submit a copy of the informational conference letter, signed by the Construction Compliance staff.

SITE CONTROL

The Developer must submit documentation, evidencing that the proposed project property has been secured:

- Tenant: Executed lease for at least five years for the proposed project property AND written evidence of property owner's consent to record the RDA against the tenant's leasehold interest in the Property.
- Owner-Occupied: Deed for the proposed project property.
- Property Owner: Deed for the proposed project property. (Executed tenant leases, for at least 75% of the Project, for a term of at least five years, must be submitted for the Certification of Completion.)

The Developer must also provide a copy of the Title Policy for the proposed project property, or a binding, signed, marked-up commitment to issue such initial Title Policy, certified by the Title Company, showing the finalist as the named insured in at least the amount of CDG-L funds, along with copies of all Schedule B title exception documents. Additionally, the finalist must, at their own expense, provide evidence of clean title, under its name and any Trade Names, per a list of entities referenced in the RDA.

INSURANCE

The Developer, at its own expense, must submit evidence that the project property is insured to the degree of coverage required in the RDA.

SURVEY

Upon request, the Developer must submit a copy of the survey(s) for the proposed project property.

FINAL CONSTRUCTION ESTIMATE & CONTRACT

The Developer must submit a final and comprehensive contractor estimate for the proposed project scope of work. All estimates must reflect the same scope of work and final project budget, as well as account for the City's M/WBE, Prevailing Wage and City Residency construction compliance requirements. The finalist must also submit a certified copy of the construction contract, with any modifications, amendments, or supplements, and, upon request, copies of any subcontracts.

FINAL PROJECT BUDGET & FINANCING

The Developer must submit a final project budget that accurately reflects the construction contract and the project financing. The Developer must submit proof of

project financing, evidencing that all financing sources outside of CDG-L funds have been secured and are available.

FINAL ZONING APPROVAL

The Developer must verify that all proposed project uses and physical improvements comply with the zoning requirements for the project location. If the project uses and/or improvements require a zoning map amendment, licenses, or permits, the finalist must provide evidence of the approved zoning map amendment, secured licenses and/or permits, and Aldermanic input. Upon request, the finalist must submit, at a minimum, a final site plan, final renderings, and final elevations for the project. All DPD comments on the project design must be addressed prior to executing the RDA.

BUILDING PERMITS

The Developer must submit proof of all permits required by the City's Municipal Code for work associated with the proposed project for all corresponding costs to be eligible for reimbursement.

ESCROW AGREEMENT

If selected, the escrow agreement between the City, title company and Developer must be fully executed.

Certificate of Completion

Once project construction has completed, CDG-L recipients receive a Certificate of Completion (the Certificate). Project construction must be completed within the timeframe dictated by the RDA, which is generally two years. Projects that are not completed in this timeframe will be in default of the RDA terms, meaning the CDG-L may be forfeited, and the RDA may be terminated. CDG-L recipients must demonstrate the following, in addition to other requirements outlined in the Term Sheet, to receive the Certificate.

M/WBE REQUIREMENTS

The grantee must fulfill at least 26% MBE and 6% WBE participation for all direct and indirect construction costs associated with the proposed project.

CITY RESIDENCY REQUIREMENTS

The grantee must hire City residents to perform 50% of all construction hours.

PREVAILING WAGE REQUIREMENTS

The grantee must adhere to the City's prevailing wage requirement for all construction trades, as established by the Illinois Department of Labor.

CERTIFICATE OF OCCUPANCY

The grantee must obtain and submit proof of all permits required by the City's Municipal Code to occupy the project premises.

BUSINESS LICENSES

The grantee must obtain all necessary business licenses.

DOCUMENTATION

The grantee must appropriately document all eligible project costs. Documentation includes, but is not limited to, detailed invoices, cancelled checks, sworn owner's statement, sworn statement of contractor and subcontractor to owner and final lien waivers.

VI. CDG-L PAYMENTS

CDG-L funds are issued City funds as a reimbursement for project expenditures following DPD's issuance of the Certificate. To receive the Certificate, the finalist must submit the following materials:

- Evidence acceptable to DPD that the actual expenditures and final TPC is equal to, or exceeding, the amount listed in the RDA and its exhibits. If the final cost is less than the TPC, CDG-L funds will be reduced on a dollar-for-dollar basis.
- Final Owner's Sworn Statement, with \$0 outstanding balance
- Final Contractor's Sworn Statement, with \$0 outstanding balance.
- Final Lien Waivers
- All Invoices and Cancelled Checks (front/back copies)
- Title Company Disbursement Reports (if applicable)
- Signed letter on finalist's letterhead, and a signed and notarized affidavit, stating project completion according to the plans and specifications from the RDA
- Signed letter on the Architect's letterhead stating project completion according to the plans and specifications from the RDA
- Certificate of Occupancy from the City's Department of Buildings indicating compliance with all building permit requirements.
- Construction Compliance Closeout Letter from the City's Department of Housing Construction Compliance Division indicating compliance with all MBE/WBE, Prevailing Wage, and City Residency Requirements.

The RDA will describe the process for requesting the Certificate and will provide that the City shall make best efforts to respond in writing within 45 days of receiving such request in writing.

VII. CDG-L GRANT CONDITIONS

As a condition of receiving CDG-L Funds, Developers must fulfill certain requirements outlined in the RDA. Failure to comply with these terms can result in the City either withholding payment of funds or seeking the return of any previously disbursed funds.

City Debt Check

Developers must pay any City indebtedness in full or enter into a payment plan through the Office of the Comptroller, to receive City Council approval and grant funds. Scofflaw searches will find debts owed due to unpaid parking tickets, water bills, inspection fees, permit fees and other administrative hearing fees.

A debt check is required for CDG-L projects prior to the introduction of the RDA to City Council. If more than 120 days have lapsed between this debt check and the introduction to City Council, then a second Scofflaw review may be conducted. Should unresolved debt to the City be identified, it must be resolved prior to the item moving forward to City Council. Failure to resolve the debt in a timely manner will result in the item being delayed until the debt is fully resolved.

An on-going condition of the RDA is that the Developer have no outstanding debt with the City. Prior to the issuance of both the payment of City funds and the Certificate, the Developer will be required to affirm that they do not have outstanding debt to the City. Providing a false or misleading statement in this document may result in a default and termination of the RDA. DPD reserves the right to conduct a Scofflaw search at any time during the grant period to enforce this provision.

Construction Requirements

Projects receiving CDG-L funds are expected to meet a number of construction-related requirements as a condition of the RDA. It is extremely important that recipients and their General Contractors understand these terms and conditions.

General Contractors

Finalists must bid out three competitive contractor bids and select the lowest, responsible, qualified bidder. The finalist may submit a written request to the relevant commissioner, not a designee, to waive the Competitive Bid Process. Approval of this request would be contingent on the relevant commissioner personally certifying that they have reviewed the request and find that proceeding without a Competitive Bid Process is in the best interest of the City. Any such waiver and commissioner's certification shall be included as exhibits to any associated RDA.

Minority Business Enterprise/Women Business Enterprise (MBE/WBE)

The finalist must also meet the City's contract participation requirement of at least 26% and 6% for MBEs and WBEs, respectively, for the project's construction hard costs. The costs will be more fully described in the MBE/WBE exhibit to the RDA, but examples are provided below:

- Environmental remediation

- Demolition
- Site preparation
- Building construction
- Construction contingency (if actually incurred) to complete construction of the Project)

Failure to meet the MBE/WBE requirement will result in the non-issuance of the Certificate and the termination of the RDA.

City Residency Requirements

The finalist must meet City resident requirements for all contracts let involving construction. City residents must perform 50% of all construction hours. This City requirement cannot be waived.

If the finalist fails to contract out 50% of all construction man-hours to City residents, the value of the City financial assistance being provided will be reduced by 1/20th of 1% (.0005) of the final aggregate dollar value expended for all construction contracts let for the project (to be assessed at the completion of the Project). In addition, failure to meet this requirement will result in a delay in the issuance of the Certificate until the failure is resolved.

Prevailing Wage

The finalist must pay prevailing wages for all construction trades, as established by the Illinois Department of Labor. Failure to meet this requirement will result in a delay in the issuance of the Certificate until the failure is resolved.

Affordable Requirements Ordinance (ARO)

Finalists with residential mixed-use projects that include 10 or more residential units must comply with the City's inclusionary housing program, ARO, providing a portion of the units as affordable housing. Finalists receiving CDG funds must fulfill the ARO by providing all affordable units on-site, within the proposed project.

Construction Monitoring

Although City written approval for the disbursement of project equity and lender financing will not be required, the City will require the finalist to provide the City with quarterly written progress reports detailing information regarding MBE/WBE utilization, prevailing wage and city residency compliance. Documentation may include, but shall not be limited to:

- Sub-contractor's activity report;
- Contractor's certification concerning labor standards and prevailing wage requirements;
- Contractor letter of understanding;
- Monthly utilization report;
- Authorization for payroll agent;
- Certified payroll;
- Duplicates of applicable support documentation verifying the disbursement and receipt of overall project funds (i.e. invoices, canceled checks, partial and final waivers-of-lien, etc.);

- If any shortfall exists, these reports must also include a plan by the finalist to address said shortfall.

The City also retains the right to review draw requests which must be accompanied by, among other things, invoices, canceled checks, lien waivers, owner's sworn statement, general contractor's sworn statement and MBE/WBE subcontractor contract amounts and certification letters as a prerequisite to disbursement.

Failure to meet any of the terms above will result in a delay in the issuance of the Certificate until all deficiencies are cured.

Changes to Project Scope

Following the RDA execution, the City shall have the right to review and approve the following:

- Changes in scope which reduce the square footage of the Project by more than 5%
- Changes in the basic uses of the project
- Increases in the total project budget of more than 10%
- A delay in the completion of the project by more than 6 months

The finalist is at risk of proceeding with any of the above without City written approval. Other material change orders made by the finalist (as defined in the RDA, by the City at its sole discretion) shall be reported to the City in the finalist quarterly reports. Failure to comply with this requirement will be considered an Event of Default.

Limits on Developer Action

Prior to the issuance of the Certificate, the finalist also may not, without the City's consent:

- Merge, liquidate or consolidate;
- Sell, lease or transfer the Project or all or substantially all of its property;
- Enter into any transaction outside the ordinary course of business that would materially adversely affect the ability of the finalist to complete the Project;
- Assume or guarantee the obligations of any other person or entity that would materially adversely affect the ability of the finalist to complete the Project; or
- Enter into a transaction that would cause a material and detrimental change to the finalist's condition.

This section shall not apply to a transfer from the finalist to one of finalist's subsidiaries or affiliates through a quitclaim. Failure to comply with this requirement will be considered an Event of Default.

Failure to Complete

Failure by the finalist to secure the Certificate for the Project prior to the 2nd anniversary of the RDA closing date will be considered an Event of Default.

Long-Term Monitoring Provisions

Following construction and the issuance of a Certificate of Completion, the RDA details a number of long-term requirements that applicants are required to follow throughout the term of the agreement.

Compliance Period

The finalist must fulfill several requirements once the project is completed. For CDG-L RDAs, the term of this compliance period is five years.

Job Creation and Retention

The RDA will note that the finalist will aspire to hire and/or retain a specific number of full time-equivalent positions as part of the Project. The exact number of positions will be reasonably agreed upon by the finalist and the City during the Project approval process. The finalist will provide information regarding employment on an annual basis.

Operations Covenant

The finalist shall continuously operate the entirety of the project in the manner described in the Term Sheet, or for uses approved by DPD at its sole discretion, for the duration of the Compliance Period, apart from recognized holidays or other closures in the normal course of business.

The Operations Covenant shall run with the land and be binding upon any transferee of the property, except for the Flip Provision. The City will require that all lenders subordinate their liens to the covenants that run with the land, in favor of the City. This provision does not apply to mortgage(s) that replace any permanent mortgage and which secure financing in a principal amount not to exceed the principal amount of the senior loan, NMTC loan, or bridge loan outstanding immediately prior to such refinancing. Failure to comply with the terms of this section shall be considered an Event of Default.

Occupancy Covenant

The finalist will be required to maintain no less than 75% of the Project occupied by operational businesses throughout the Compliance Period. Failure to comply with the terms of this section shall be considered an Event of Default.

Flip Provision

In the event of a refinance, sale or transfer of the Project or any part thereof (each happening being a "Capital Event"), from the execution of the RDA until the end of the compliance period, the finalist agrees to pay and remit to the City an amount equal to 100% of CDG-L funds paid to date.

Annual Compliance Reports

The finalist shall be required to provide Annual Compliance Reports (the "Annual Compliance Report") consisting of a letter from the finalist itemizing all ongoing requirements with evidence

and certification attached which is sufficient to prove that all ongoing requirements have been satisfied during the preceding year.

As part of the Annual Compliance Report, the finalist shall also submit a jobs report detailing the following information for each employee:

- Employee status as full-time or part-time
- ZIP code for their primary residency
- Total employment tenure in months
- Wages above or below the “Living Wage” rate as defined for that year.

The finalist will be required to provide this information annually on the anniversary of the issuance of the Certificate throughout the compliance period. Failure by the finalist to submit the Annual Compliance Report within 60 days of each anniversary will be considered an Event of Default without notice or opportunity to cure. Following this Event of Default, the finalist shall be required to pay, as liquidated damages, \$10,000 for each such Event of Default.

Cure Period

Following an Event of Default of job creation and retention and the occupancy covenant, the finalist shall be entitled to two non-consecutive one-year cure periods (each being a “Cure Period”) during the life of the compliance period. During a Cure Period, the City will not be required to make a payment of CDG-L funds. Once cured, any default year by the finalist shall not count towards the required term of the Compliance Period or any other obligation of the finalist under the RDA. If two defaults have occurred and have both been independently cured, then any subsequent default shall constitute an Event of Default without notice or opportunity to cure.

City Remedies

Upon the occurrence of an uncured Event of Default, the City may terminate the RDA and any other agreements to which the City and finalist are or shall be parties, suspend disbursement of CDG-L funds, and/or seek reimbursement of any CDG-L funds paid. In addition to the terms in this agreement, the RDA will contain the City’s standard default provisions.

Any applicant currently in default of an agreement with an existing City-funded project is ineligible to execute an RDA for additional City funding until such default is cured. Additionally, any applicant who has an uncured default, or termination of an agreement on any City-funded project in the two years preceding the application submittal, is ineligible to apply for additional CDG-L funds.

VIII. ACRONYM DICTIONARY

- BED** DPD's Bureau of Economic Development
- CDG** Community Development Grant
- CoC** Certificate of Completion
- CoO** Certificate of Occupancy
- CRP** Chicago Recovery Plan
- DPD** City of Chicago's Department of Planning & Development
- HED** Housing and Economic Development Bond
- NMTC** New Market Tax Credits
- NOF** Neighborhood Opportunity Fund
- QIA** Qualified Investment Area, the area where NOF funds can be used
- RDA** Redevelopment Agreement
- TIF** Tax Increment Financing