



**ANNUAL TAX INCREMENT FINANCE REPORT
OFFICE OF ILLINOIS COMPTROLLER DANIEL W. HYNES**

Name of Municipality: **Village of Palatine**
County: **Cook**
Basis of Accounting: **Modified Accrual**

Unit Code: **016/430/32**
Reporting Fiscal Year: **2007**
Fiscal Year End: **12/31/2007**

TIF Administrator/Contact Information:

First Name: **Reid**
Address: **200 E. Wood Street**
Telephone: **(847) 359-9050**
E-Mail: **rottesen@palatine.il.us**

Last Name: **Ottesen**
Title: **Village Manager**
City: **Palatine** Zip: **60067**

I attest to the best of my knowledge, this report of the redevelopment project areas in:

City/Village of **Palatine** is complete and accurate at the end of this reporting
Fiscal year under the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74 et. seq.]
Or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]



Written signature of TIF Administrator

10/13/08

Date

Section 1 (65 ILCS 5/11-74.4-5 (d) (1.5) and 65 ILCS 5/11-74.6-22 (d) (1.5)*

FILL OUT ONLY ONCE (PER MUNICIPALITY), ADD ADDITIONAL ROWS AS NECESSARY

Name of Redevelopment Project Area	Date Designated	Date Terminated
Dundee Road Tax Increment Financing Redevelopment Project Area	07/24/95	
Rand/Dundee Center Tax Increment Financing Redevelopment Project Area	03/31/97	
Downtown Area Tax Increment Financing Redevelopment Project Area	12/13/99	
Rand Corridor Tax Increment Financing Redevelopment Project Area	1/27/03	

*All statutory citations refer to one of two sections of the Illinois Municipal Code: the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. Seq.] or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]

SECTION 2 [Sections 2 through 5 must be completed for each redevelopment project area listed in Section 1.]

Name of Redevelopment Project Area:	Rand Corridor TIF
Primary Use of Redevelopment Project Area*:	Combination/Mixed
If "Combination/Mixed" List Component Types:	
Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one):	
Tax Increment Allocation Redevelopment Act <u> X </u>	Industrial Jobs Recovery Law <u> </u>

	No	Yes
Were there any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] If yes, please enclose the amendment labeled Attachment A	X	
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year. [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6-22 (d) (3)] Please enclose the CEO Certification labeled Attachment B		X
Opinion of legal counsel that municipality is in compliance with the Act. [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)] Please enclose the Legal Counsel Opinion labeled Attachment C		X
Were there any activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented in the preceding fiscal year and a description of the activities undertaken? [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)] If yes, please enclose the Activities Statement labeled Attachment D		X
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)] If yes, please enclose the Agreement(s) labeled Attachment E		X
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)] If yes, please enclose the Additional Information labeled Attachment F	X	
Did the municipality's TIF advisors or consultants enter into contracts with entities or persons that have received or are receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)] If yes, please enclose the contract(s) or description of the contract(s) labeled Attachment G	X	
Were there any reports or meeting minutes submitted to the municipality by the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)] If yes, please enclose the Joint Review Board Report labeled Attachment H	X	
Were any obligations issued by municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)] If yes, please enclose the Official Statement labeled Attachment I		X
Was analysis prepared by a financial advisor or underwriter setting forth the nature and term of obligation and projected debt service including required reserves and debt coverage? [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] If yes, please enclose the Analysis labeled Attachment J	X	
Cumulatively, have deposits equal or greater than \$100,000 been made into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2) If yes, please enclose Audited financial statements of the special tax allocation fund labeled Attachment K		X
Cumulatively, have deposits of incremental revenue equal to or greater than \$100,000 been made into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9) If yes, please enclose a certified letter statement reviewing compliance with the Act labeled Attachment L		X

* Types include: Central Business District, Retail, Other Commercial, Industrial, Residential, and Combination/Mixed.

SECTION 3.1 - (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))
Provide an analysis of the special tax allocation fund.

	Reporting Year	Cumulative	
Fund Balance at Beginning of Reporting Period	\$	5,175,681	
Revenue/Cash Receipts Deposited in Fund During Reporting FY:			
			% of Total
Property Tax Increment	\$	2,653,053	\$ 6,825,827 50%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	\$	187,462	\$ 303,243 2%
Land/Building Sale Proceeds			0%
Bond Proceeds	\$	11,100,000	\$ 6,525,000 48%
Transfers from Municipal Sources			0%
Private Sources			0%
Other (identify source _____; if multiple other sources, attach schedule)			0%
Total Amount Deposited in Special Tax Allocation Fund During Reporting Period			
	\$	13,940,515	
Cumulative Total Revenues/Cash Receipts		\$	13,654,070 100%
Total Expenditures/Cash Disbursements (Carried forward from Section 3		\$	5,605,431
Distribution of Surplus		\$	-
Total Expenditures/Disbursements		\$	5,605,431
NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENT		\$	8,335,084
FUND BALANCE, END OF REPORTING PERIOD		\$	13,510,765

- if there is a positive fund balance at the end of the reporting period, you must complete Section 3.3

SECTION 3.2 A- (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))
ITEMIZED LIST OF ALL EXPENDITURES FROM THE SPECIAL TAX ALLOCATION FUND
(by category of permissible redevelopment cost, amounts expended during reporting period)

FOR AMOUNTS >\$10,000 SECTION 3.2 B MUST BE COMPLETED

Category of Permissible Redevelopment Cost [65 ILCS 5/11-74.4-3 (q) and 65 ILCS 5/11-74.6-10 (o)]

		Reporting Fiscal Year
1. Costs of studies, administration and professional services—Subsections (q)(1) and (o) (1)		
Legal Fees	74,859	
Financial Advisor Fees	15,657	
Survey/Appraisal Fees	2,200	
Legal Notices	250	
Other Professional Services	4,313	
Materials	1,636	
		\$ 98,915
2. Cost of marketing sites—Subsections (q)(1.6) and (o)(1.6)		
		\$ -
3. Property assembly, demolition, site preparation and environmental site improvement costs. Subsection (q)(2), (o)(2) and (o)(3)		
Land Acquisition (Reimbursement)	1,620,464	
Site Development	1,900	
Remediation	3,478	
		\$ 1,625,842
4. Costs of rehabilitation, reconstruction, repair or remodeling and replacement of existing public buildings. Subsection (q)(3) and (o)(4)		
		\$ -
5. Costs of construction of public works and improvements. Subsection (q)(4) and (o)(5)		
Project Expenses	108,876	
		\$ 108,876

6. Costs of removing contaminants required by environmental laws or rules (o)(6) - Industrial Jobs Recovery TIFs ONLY		
		\$ -
7. Cost of job training and retraining, including "welfare to work" programs Subsection (q)(5), (o)(7) and (o)(12)		
		\$ -
8. Financing costs. Subsection (q) (6) and (o)(8)		
Debt Service	3,771,798	
		\$ 3,771,798
9. Approved capital costs. Subsection (q)(7) and (o)(9)		
		\$ -
10. Cost of Reimbursing school districts for their increased costs caused by TIF assisted housing projects. Subsection (q)(7.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
11. Relocation costs. Subsection (q)(8) and (o)(10)		
		\$ -

12. Payments in lieu of taxes. Subsection (q)(9) and (o)(11)		
		\$ -
13. Costs of job training, retraining advanced vocational or career education provided by other taxing bodies. Subsection (q)(10) and (o)(12)		
		\$ -
14. Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects. Subsection (q)(11)(A-E) and (o)(13)(A-E)		
		\$ -
15. Costs of construction of new housing units for low income and very low-income households. Subsection (q)(11)(F) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
16. Cost of day care services and operational costs of day care centers. Subsection (q)(11.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
TOTAL ITEMIZED EXPENDITURES		\$ 5,605,431

Section 3.2 B

List all vendors, including other municipal funds, that were paid in excess of \$10,000 during the current reporting year.

There were no vendors, including other municipal funds, paid in excess of \$10,000 during the current reporting period.

[illegible]

SECTION 3.3 - (65 ILCS 5/11-74.4-5 (d) (5) 65 ILCS 11-74.6-22 (d) (5))**Breakdown of the Balance in the Special Tax Allocation Fund At the End of the Reporting Period****(65 ILCS 5/11-74.4-5 (d) (5) (D) and 65 ILCS 5/11-74.6-22 (d) (5) (D))****FUND BALANCE, END OF REPORTING PERIOD****\$ 13,510,765**

	Amount of Original Issuance	Amount Designated
1. Description of Debt Obligations		
General Obligation Bond Series of 2004B	\$ 3,025,000	\$ 2,525,000
Limited Obligation Redevelopment Note Series 2006A	\$ 3,500,000	\$ 3,337,447
General Obligation Bond Series of 2007C	\$ 1,215,000	\$ 1,215,000
Taxable General Obligation Bond Series of 2007D	\$ 9,885,000	\$ 9,885,000

Total Amount Designated for Obligations**\$ 17,625,000 \$ 16,962,447****2. Description of Project Costs to be Paid**

Foxfire/Caputo's		\$ 930,000

Total Amount Designated for Project Costs**\$ 930,000****TOTAL AMOUNT DESIGNATED****\$ 17,892,447****SURPLUS*/(DEFICIT)****\$ (4,381,682)**

* NOTE: If a surplus is calculated, the municipality may be required to repay the amount to overlapping taxing districts

SECTION 4 [65 ILCS 5/11-74.4-5 (d) (6) and 65 ILCS 5/11-74.6-22 (d) (6)]

Provide a description of all property purchased by the municipality during the reporting fiscal year within the redevelopment project area.

_____ **No property was acquired by the Municipality Within the Redevelopment Project Area**

Property Acquired by the Municipality Within the Redevelopment Project Area

Property (1):	Amdur
Street address	NW Corner of E Spruce Drive and Rand Road
Approximate size or description of property:	Approximately 5 Acres of Vacant Land
Purchase price:	3,050,000.00
Seller of property:	Chicago Title Land Trust # 29412 and ST Herzl Amdur, Jr., as Trustee of the Amdur Living Trust U/A/D January 14, 1998

Property (2):	Gagliano
Street address:	2083 N. Rand Road, Palatine
Approximate size or description of property:	That part of Section 2 Township 42 North, Range 10 East of the third principal meridian, described as follows: beginning at the intersection of the East and West 1/4 line of said section with the center line of Rand Road; said intersection being 1514.39 feet West of the East line of said section, measured on said East and West 1/4 line, thence Northwesterly along the center line of Rand Road, said center line forming an angle of 47 degrees 00 minutes and 30 seconds with the East and West 1/4 line of said section, all in Cook County, Illinois. PINS: 02-02-203-009, 02-02-203-010, 02-02-203-011, 02-02-203-012, 02-02-203-013, 02-02-203-014, 02-02-203-020, 02-02-203-021, 02-02-203-022
Purchase price:	6,750,000.00
Seller of property:	Rand Ridge, LLC

Property (3):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (4):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

SECTION 5 - 65 ILCS 5/11-74.4-5 (d) (7) (G) and 65 ILCS 5/11-74.6-22 (d) (7) (G)

Please include a brief description of each project.

 No Projects Were Undertaken by the Municipality Within the Redevelopment Project Area

	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Estimated Cost of the Total Project
TOTAL:			
Private Investment Undertaken (See Instructions)	\$ 20,344,493	\$ 195,000	\$ 20,539,493
Public Investment Undertaken	\$ 17,612,070	\$ 4,385,715	\$ 19,252,775
Ratio of Private/Public Investment	1.16		1.07
Project 1: Walmart			
Private Investment Undertaken (See Instructions)	\$ 10,044,493	\$ -	\$ 10,044,493
Public Investment Undertaken	\$ 3,518,805	\$ 605,715	\$ 3,518,805
Ratio of Private/Public Investment	2.85		2.85
Project 2: Foxfire/Caputo's			
Private Investment Undertaken (See Instructions)	\$ 1,300,000	\$ -	\$ 1,300,000
Public Investment Undertaken	\$ 11,295	\$ 890,000	\$ 941,295
Ratio of Private/Public Investment	115.10		1.38
Project 3: Arlington Toyota			
Private Investment Undertaken (See Instructions)	\$ 7,500,000	\$ -	\$ 7,500,000
Public Investment Undertaken	\$ 12,814,295	\$ -	\$ 10,725,000
Ratio of Private/Public Investment	24/41		0.70
Project 4: Tore & Luke's			
Private Investment Undertaken (See Instructions)	\$ 1,500,000	\$ -	\$ 1,500,000
Public Investment Undertaken	\$ 1,000,000	\$ 90,000	\$ 1,000,000
Ratio of Private/Public Investment	1.50		1.50
Project 5: Dundee Road Traffic Signal			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 29,290	\$ 2,050,000	\$ 2,079,290
Ratio of Private/Public Investment	0		0.00
Project 6: Dundee Rand Improvement			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 106,400	\$ -	\$ 106,400
Ratio of Private/Public Investment	0		0.00

Project 7: General Development			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 104,075	\$ -	\$ 104,075
Ratio of Private/Public Investment	0		0.00

Project 8: Rand/Williams Sign			
Private Investment Undertaken (See Instructions)		\$ -	
Public Investment Undertaken	\$ 26,390	\$ -	\$ 26,390
Ratio of Private/Public Investment	0		0.00

Project 9: White Castle			
Private Investment Undertaken (See Instructions)	\$ -	\$ 195,000	\$ 195,000
Public Investment Undertaken	\$ 1,520	\$ 120,000	\$ 121,520
Ratio of Private/Public Investment	0		1.60

Project 10: Rand/Hicks			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ -	\$ 15,000	\$ 15,000
Ratio of Private/Public Investment	0		0

Project 11: Streetlighting			
Private Investment Undertaken (See Instructions)	\$ -		\$ -
Public Investment Undertaken	\$ -	\$ 615,000	\$ 615,000
Ratio of Private/Public Investment	0		0

Optional: Information in the following sections is not required by law, but would be helpful in evaluating the performance of TIF in Illinois.

SECTION 6

Provide the base EAV (at the time of designation) and the EAV for the year reported for the redevelopment project area

Year redevelopment project area was designated		Base EAV	Reporting Fiscal Year EAV	
2001	\$	53,566,271	\$	71,004,189

Most recent EAV available as of 12/31/2006.

List all overlapping tax districts in the redevelopment project area.
If overlapping taxing district received a surplus, list the surplus.

☒ The overlapping taxing districts did not receive a surplus.

Overlapping Taxing District	Surplus Distributed from redevelopment project area to overlapping districts
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -

SECTION 7

Provide information about job creation and retention

Number of Jobs Retained	Number of Jobs Created	Description and Type (Temporary or Permanent) of Jobs	Total Salaries Paid
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -

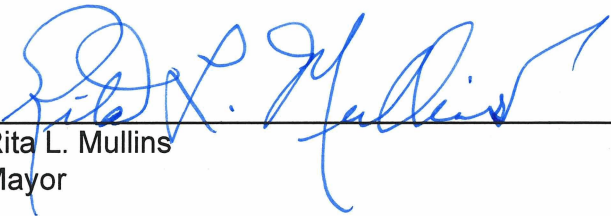
SECTION 8

Provide a general description of the redevelopment project area using only major boundaries:

Optional Documents	Enclosed	
Legal description of redevelopment project area		
Map of District		

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER

I, Rita L. Mullins, the duly elected Mayor and Chief Executive Officer of the Village of Palatine, County of Cook, State of Illinois, do hereby certify that to the best of my knowledge, the Village complied with the requirements pertaining to the Illinois Tax Increment Redevelopment Allocation Act during the fiscal year beginning January 1, 2007 and ending December 31, 2007.



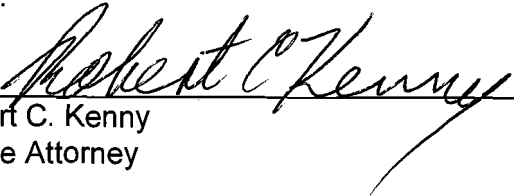
Rita L. Mullins
Mayor

10/13/08

Date

CERTIFICATION BY THE VILLAGE ATTORNEY

This will confirm that I am the duly appointed Village Attorney of the Village of Palatine, County of Cook, State of Illinois. I have reviewed all information provided to me by the Village of Palatine staff and consultants. I find that the Village has conformed to all the applicable requirements of the Illinois Tax Increment Redevelopment Allocation Act set forth thereunder for the fiscal year beginning January 1, 2007 and ending December 31, 2007, to the best of my knowledge and belief.



Robert C. Kenny
Village Attorney

10/13/08

Date

Activities Undertaken in Furtherance of the Objectives of the Redevelopment Plan

Authorized the Mayor to execute a redevelopment agreement between the Village of Palatine and Arlington Automotive Group, Inc. for the properties at the Northeast Corner of Rand and Hicks Roads. Entered negotiations to ammend this redevelopment agreement.

Authorized the Mayor to execute a redevelopment agreement between the Village of Palatine and OAG Motorcycle Adventures, Inc. for property.

Authorized the Mayor to execute a redevelopment agreement and the first amendment to the redevelopment agreement between the Village of Palatine and Rand Ridge, LLC for the property at the Northwest Corner of Rand Road and Spruce Drive.

Authorized the Mayor to execute a redevelopment agreement between the Village of Palatine and White Castle System, Inc. for property on Dundee Road. Completed detention project in relation to this property.

Authorized the Mayor to execute a redevelopment agreement between the Village of Palatine and Palatine Automotive Group and Gen II Realty for property on Rand Road.

Continued engineering studies and design of traffic signal/road improvements on Dundee Road.



Doc#: 0714449021 Fee: \$222.50
Eugene "Gene" Moore
Cook County Recorder of Deeds
Date: 05/24/2007 09:45 AM Pg: 1 of 100

ORDINANCE NO. 0-62-07

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE
A REDEVELOPMENT AGREEMENT BETWEEN THE VILLAGE OF PALATINE AND
ARLINGTON AUTOMOTIVE GROUP, INC. FOR THE PROPERTIES AT THE
NORTHEAST CORNER OF RAND AND HICKS ROADS**

*PINS: 02-02-203-009--014
02-02-203-020--022
02-02-203-035,036
02-02-205-018*

Village of Palatine
Village Clerk's Office
200 E. Wood Street
Palatine, IL 60067

Published in pamphlet form by authority of the
Mayor and Village Council of the Village of Palatine
On May 7, 2007

ORDINANCE NO. 0-6207

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE
A REDEVELOPMENT AGREEMENT BETWEEN THE VILLAGE OF PALATINE AND
ARLINGTON AUTOMOTIVE GROUP, INC. FOR THE PROPERTIES
AT THE NORTHEAST CORNER OF RAND AND HICKS ROADS**

WHEREAS, the Village of Palatine by Ordinance Nos. 0-23-03, 0-24-03, 0-25-03 and passed by the Mayor and Village Council on January 27, 2003 established a Tax Increment Financing District, adopted a Tax Increment Redevelopment Plan for Rand Road Corridor and designated a Redevelopment Project Area; and

WHEREAS, the Mayor and Village Council have on May 7, 2007 considered the proposed Redevelopment Agreement with Arlington Automotive Group, Inc. and have determined that entering into this Agreement furthers the purposes of the Tax Increment Financing District and the Redevelopment Plan for the Rand Road Corridor TIF District and furthers the public interest; and

NOW, THEREFORE, BE IT ORDAINED, by the Mayor and Village Council of the Village of Palatine, acting in the exercise of their home rule power that:

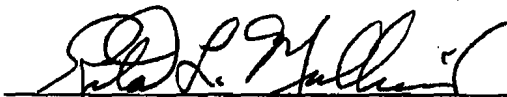
SECTION 1: The Village of Palatine hereby authorizes the Mayor to execute the Redevelopment Agreement, attached hereto as Exhibit A, pursuant to the Tax Increment Financing Act, Section 65 ILCS 5/11-74/4-4(c) and authorizes the Mayor to execute any other supporting documents to the extent permitted by law.

SECTION 2: This Ordinance shall be in full force and effect upon passage and approval as provided by law.

PASSED: This 7 day of May, 2007

AYES: 6 NAYS: 0 ABSENT: 0 PASS: 0

APPROVED by me this 7 day of May, 2007



Mayor of the Village of Palatine

ATTESTED and FILED in the office of the Village Clerk this 7 day of
May, 2007



Village Clerk

5/8/2007 10:38 AM

REDEVELOPMENT AGREEMENT

THIS REDEVELOPMENT AGREEMENT (this "Agreement"), is made and entered into as of the 11th day of MAY, 2007 ("Agreement Date") by and between the **VILLAGE OF PALATINE, ILLINOIS**, an Illinois municipal home rule corporation, located in Cook County, Illinois (the "Village"), and **ARLINGTON AUTOMOTIVE GROUP, INC.**, an Illinois corporation (the "Car Dealer") and **DNA REALTY, INC.**, an Illinois Corporation ("DNA"). (The Village, DNA, and Car Dealer are sometimes referred to individually as a "Party" and collectively as the "Parties").

RECITALS

WHEREAS, the Village is a home rule unit of government in accordance with Article VII, Section 6, of the Constitution of the State of Illinois, 1970; and

WHEREAS, the Village has the authority, pursuant to the laws of the State of Illinois, to promote the health, safety and welfare of the Village and its inhabitants, to prevent the presence of blight, to encourage private development in order to enhance the local tax base, to increase additional tax revenues realized by the Village, foster increased economic activity within the Village, to increase employment opportunities within the Village, and to enter into contractual agreements with third parties for the purpose of achieving the aforesaid purposes, and otherwise be in the best interests of the Village; and

WHEREAS, to stimulate and induce redevelopment in the Rand Road Corridor pursuant to the Act, the Village created the Rand Road Corridor TIF District by adopting the following ordinances, after giving all notices required and after conducting the public hearings required by law:

1. Ordinance No. O-23-03, adopted January 27, 2003, titled "Ordinance Approving the Village of Palatine Cook County, Illinois, Rand Road Corridor Area Project Area Development Plan and Project;

2. Ordinance No. O-24-03 adopted January 27, 2003, titled "Ordinance Designating the Village of Palatine, Illinois, Rand Road Corridor Area Tax Increment Redevelopment Project Area" ("Rand Road Corridor Redevelopment Project Area");

3. Ordinance No. O-25-03, adopted January 27, 2003, titled "Ordinance Adopting Tax Increment Financing for the Village of Palatine Rand Road Corridor Area Tax Increment Redevelopment Project Area in the Village of Palatine, Cook County, Illinois"; and

WHEREAS, on March 29, 2007, the Village published a Notice of Development Opportunity seeking development proposals for the properties located at the northeast corner of Rand Road and Hicks Road in the Rand Road TIF District; and

WHEREAS, the Village is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et seq., as amended (the "Act"), to finance redevelopment in accordance with the conditions and requirements set forth in the Act; and

WHEREAS, Car Dealer represents and warrants to Village that Car Dealer, and its principals, are skilled in the development and operation of automobile dealerships and are able to provide the Project with the necessary skill, knowledge and expertise as well as input from other experts and consultants in the construction and operation of such a Project; and

WHEREAS, DNA desires to own and Car Dealer desires to redevelop the Property; and

WHEREAS, Car Dealer and DNA intend to file and Village agrees to execute, if the Village is still an owner of part of the Property at the time of application, an application for a planned development to seek approval to construct an automobile dealership as more fully described in Article 2 under the definition of Project (the "Planned Development"); and

WHEREAS, it is necessary for the successful completion of the Project (as defined in **Article 2**) that the Village enter into this Agreement with Car Dealer to provide for the development of the Property, subject to the Village approval of the required Planned Development ordinance, thereby implementing and bringing to completion a portion of the Redevelopment Plan; and

WHEREAS, Car Dealer has been and continues to be unwilling to undertake the redevelopment of the Property but for certain tax increment financing ("TIF") incentives from the Village, which the Village is willing to provide under the terms and conditions contained herein; and

WHEREAS, the Village proposes to finance its share of the costs to be incurred in connection with the Project by utilizing Tax Increment Financing in accordance with the Act, which will serve a public purpose by reducing or eliminating conditions that, in part, qualify the Rand Road Redevelopment Project Area as a blighted area and which are necessary to foster development within the Rand Road Redevelopment Project Area; and

WHEREAS, this Agreement has been submitted to the Corporate Authorities of the Village for consideration and review, the Corporate Authorities have taken all actions required to be taken prior to the execution of this Agreement in order to make the same binding upon the Village according to the terms hereof, and any and all actions of the Corporate Authorities of the Village precedent to the execution of this Agreement have been undertaken and performed in the manner required by law; and

WHEREAS, this Agreement has been submitted to the Directors of DNA for consideration and review, the Directors have taken all actions required to be taken prior to the execution of this Agreement in order to make the same binding upon DNA according to the

terms hereof, and any and all action of DNA's Directors precedent to the execution of this Agreement have been undertaken and performed in the manner required by law.

WHEREAS, this Agreement has been submitted to the Directors of Car Dealer for consideration and review, the Directors have taken all actions required to be taken prior to the execution of this Agreement in order to make the same binding upon Car Dealer according to the terms hereof, and any and all action of Car Dealer's Directors precedent to the execution of this Agreement have been undertaken and performed in the manner required by law.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

ARTICLE ONE

INCORPORATION OF RECITALS

The findings, representations and agreements set forth in the above Recitals are material to this Agreement and are hereby incorporated into and made a part of this Agreement as though fully set out in this **Article One**, and constitute findings, representations and agreements of the Village, DNA, and of Car Dealer according to the tenor and import of the statements in such Recitals.

ARTICLE TWO

DEFINITIONS

For the purposes of this Agreement, unless the context clearly requires otherwise, words and terms used in this Agreement shall have the meanings provided from place to place herein, including above in the recitals hereto and as follows:

"Act" means the Tax Increment Allocation Redevelopment Act found at 65 ILCS 5-11-74.4-1, *et seq.*

"Agreement" means this Redevelopment Agreement.

"Car Dealer" means Arlington Automotive Group, Inc., an Illinois corporation, or any successor in interest thereof permitted pursuant to **Section 10.11** hereof.

"Car Wash Property" means the parcel of property (PIN # 02-02-203-035 and 02-02-203-036) immediately southeast of the Corner Property.

"Certificate of Completion" means the document to be provided to Car Dealer by the Village, within thirty (30) days after written request from Car Dealer and after Car Dealer has provided all required waiver of liens and sworn statements necessary to comply with the Illinois Mechanics Lien Act or evidence of title insurance coverage over all such liens in favor of Car Dealer or Construction Lender and has complied with all Village codes and with the obligations of this Agreement with respect to the construction of the Project, which document states that Car Dealer has completed and satisfied all construction terms, covenants and conditions contained in this Agreement. The final certificate of occupancy for the last building shall be evidence of physical completion of the buildings.

"Change in Law" means the occurrence, after the Effective Date, of an event described below that materially changes the costs or ability of the Party relying thereon to carry out its obligations under this Agreement and such event is not caused by the Party relying thereon. Change in Law means any of the following: (i) the enactment, adoption, promulgation or modification of any federal, state or local law, ordinance, code, rule or regulation; (ii) the order or judgment of any federal or state court, administrative agency or other governmental body; (iii) the imposition of any conditions on, or delays in, the issuance or renewal of any governmental license, approval or permit (or the suspension, termination, interruption,

revocation, modification, denial or failure of issuance or renewal thereof) necessary for the undertaking of the services to be performed under this Agreement; or (iv) the adoption, promulgation, modification or interpretation in writing of a written guideline or policy statement by a governmental agency, but shall not include laws, rules, regulations and ordinances of the Village, acting voluntarily and not as a result of a mandate from a higher authority, except to the extent they are generally applicable throughout the Village and do not violate the express terms of this Agreement.

"Closing" means the acquisition of Property by Car Dealer.

"Corner Property" means the nine parcels of land identified as PIN #s 02-02-203-009, 02-02-203-010, 02-02-203-011, 02-02-203-012, 02-02-203-013, 02-02-203-014, 02-02-203-020, 02-02-203-021, and 02-02-203-022.

"Corporate Authorities" means the Village Mayor and Village Council of the Village of Palatine, Illinois.

"Day" means a calendar day.

"DNA" means DNA Realty, Inc., an Illinois corporation.

"Final Plans" means the final plans submitted by Car Dealer and approved by the Village during the Planned Development approval process.

"Guarantors" means Gary N. Vicari, Scott Vicari and Tracey Waugh (Vicari), individually, jointly and severally.

"Guaranty" means a guaranty of payment in form acceptable to the Village consistent with the requirements of Section 7.7.

"Off-Site Improvements" means those certain off-site improvements to be constructed by Car Dealer at its sole cost and expense, as set forth on final engineering plans to be approved as part of the Project.

"Party" means the Village and/or Car Dealer and/or DNA and its successors and/or assigns as permitted herein, as the context requires.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, trust, or government or any agency or political subdivision thereof, or any agency or entity created or existing under the compact clause of the United States Constitution.

"Preliminary Plans" means the preliminary version of the Final Plans which are attached hereto as **Exhibit "A"**.

"Project" means the development, construction, financing, completion and operation of an automotive dealership consisting initially of the new car Toyota dealership building with approximately 82,000 square feet of interior space, together with the Off-Site Improvements and on-site improvements, all in accordance with the Final Plans if approved by the Village in the Planned Development ordinance. The dealership will be a state of the art facility designed and constructed to be compliant with the Toyota 2012 Facility Standards and Toyota Image II Facility Design Guidelines, attached hereto as **Exhibit "D"**.

"Property" means the parcel of land as that parcel is legally described on **Exhibit "B"**, upon which the Project will be constructed. The Property shall include, at a minimum, the Village Property, consisting of approximately 215,800 square feet. At such time as the Village acquires the Corner Property, consisting of approximately 289,500 square feet, which is anticipated to occur on May 31, 2007, the Corner Property shall be deemed to be a part of the Property. At such time as DNA purchases Car Wash Property, or Village acquires Car Wash Property by eminent domain under the terms of Section 7.2, subject to the terms of this Agreement, the Car Wash Property, consisting of approximately 99,400 square feet, shall be deemed to be a part of the Property.

"Rand Road Redevelopment Project Area" means the entire Rand Road TIF district created by the Ordinances adopted by the Village in 2003.

"Real Estate Sale Provisions" means those provisions set forth in Article Fifteen herein.

"Redevelopment Plan" means the "Redevelopment Plan" for Rand Road as defined in the Village Ordinance No. O-23-03.

"Repurchase Closing Date" means the date the Village takes title to the Property pursuant to the provisions of Section 7.7.

"State" means the State of Illinois.

"TIF Ordinances" means Ordinances Nos. O-23-03, O-24-03, and O-25-03 all adopted by the Village on January 27, 2003, as described in the Recitals to this Agreement.

"TIF Eligible Expenses" means land acquisition and other eligible expenses as authorized to be reimbursed by the Act.

"Uncontrollable Circumstance" means any event impacting the construction of the Project, which:

- (a) is beyond the reasonable control of and without the fault of the Party relying thereon;
and
- (b) is one or more of the following events:
 - (i) a Change in Law;
 - (ii) insurrection, riot, civil disturbance, sabotage, act of the public enemy, explosion, nuclear incident, war or naval blockade;
 - (iii) epidemic, hurricane, tornado, landslide, earthquake, lightning, fire, windstorm, flood, other extraordinary weather conditions or other similar Act of God;
 - (iv) governmental condemnation or taking other than by the Village; or

- (v) strikes or labor disputes, other than those caused by the acts of Car Dealer or DNA.
- (vi) shortage of materials not attributable to Car Dealer or DNA;
- (c) Uncontrollable Circumstance shall not include: (1) economic hardship or impracticability of performance (except as described under Change of Law); (2) commercial or economic frustration of purpose, (except as described under Change of Law); (3) unavailability of materials, strikes or labor disputes caused by the acts of Car Dealer or DNA; (4) a failure of performance by a contractor (except as caused by events which are otherwise Uncontrollable Circumstances hereunder, as to such contractor).

"Village" means the Village of Palatine, Illinois, an Illinois municipal corporation.

"Village Property" means the parcel of property located north of the Corner Property known as Lot 1 in the Palatine Assemblage Subdivision designated with property tax index number: 02-02-205-018, Palatine, Illinois.

ARTICLE THREE

CONSTRUCTION

This Agreement, except where the context by clear implication shall otherwise require, shall be construed and applied as follows:

- (a) Definitions include both singular and plural.
- (b) Pronouns include both singular and plural and cover all genders.
- (c) The word "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".
- (d) Headings of sections herein are solely for convenience of reference and do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

- (e) All exhibits attached to this Agreement shall be and are operative provisions of this Agreement and shall be and are incorporated by reference in the context of use where mentioned and referenced in this Agreement. In the event of a conflict between any exhibit and the terms of this Agreement, the terms of this Agreement shall control.
- (f) Any certificate, letter or opinion required to be given pursuant to this Agreement means a signed document attesting to or acknowledging the circumstances, representations, opinions of law or other matters therein stated or set forth. Reference herein to supplemental agreements, certificates, demands, requests, approvals, consents, notices and the like means that such shall be in writing whether or not a writing is specifically mentioned in the context of use.
- (g) In connection herewith concerning written directions or authorization in respect of the investment of any funds, notwithstanding any provision hereof to the contrary, such direction or authorization in writing, including by telecopier/facsimile transmission, shall be appropriate and is hereby approved.
- (h) The Village Manager, unless applicable law requires action by the Corporate Authorities, shall have the power and authority to make or grant or do those things, certificates, requests, demands, notices and other actions required that are ministerial in nature or described in this Agreement for and on behalf of the Village and with the effect of binding the Village as limited by and provided for in this Agreement. Car Dealer and DNA are entitled to rely on the full power and authority of the persons executing this Agreement on behalf of the Village as having been properly and legally given by the Village.

- (i) In connection with the foregoing and other actions to be taken under this Agreement, and unless applicable documents require action by Car Dealer or DNA in a different manner, Car Dealer and DNA hereby designates **Gary N. Vicari** as their authorized representative who shall individually have the power and authority to make or grant or do all things, supplemental agreements, certificates, requests, demands, approvals, consents, notices and other actions required or described in this Agreement for and on behalf of Car Dealer and DNA and with the effect of binding Car Dealer and DNA in that connection (individual being "Authorized Car Dealer Representative"). Car Dealer and DNA shall have the right to change its Authorized Car Dealer Representative by providing the Village with written notice of such change which notice shall be sent in accordance with **Section 18.2**.

ARTICLE FOUR

IMPLEMENTATION OF PROJECT

The Village, DNA, and Car Dealer agree to cooperate in implementing the Project in accordance with the Parties' respective obligations set forth in this Agreement. This Agreement and all of its terms are subject to the Village adopting an ordinance granting Planned Development approval for the Project. The Car Dealer shall have no rights to develop the Project unless and until the Village adopts an ordinance granting Planned Development approval for the Project.

ARTICLE FIVE

DESIGNATION OF CAR DEALER

The Village hereby designates Car Dealer as the exclusive developer for the Property, subject to the Village adopting a Planned Development ordinance authorizing the construction

of the Project in accordance with the Final Plans, subject to Car Dealer's and DNA's continued compliance with the terms of this Agreement, and only for so long as neither Car Dealer nor DNA is in default under this Agreement. The Village hereby represents and warrants to Car Dealer and DNA that the Village has taken all necessary actions and has complied with all requirements imposed by law including, but not limited to, the requirements of Section 5/11-74.4-4 (c) of the Act, required to be taken and met prior to the designation of Car Dealer as the exclusive developer for the Property.

ARTICLE SIX

DNA'S AND CAR DEALER'S ACCESS TO THE PROPERTY

DNA's and Car Dealer's rights to access any parcels of the Property owned by the Village from time to time for the performance of DNA's and Car Dealer's desired due diligence, soil tests, land survey, and topographical survey, and other required site preparation work has been set forth in a separate document entitled "License Agreement" by and between the Village, DNA and Car Dealer (the "License Agreement"). The License Agreement shall be fully executed prior to DNA's and Car Dealer's entry on the any land owned by the Village, a copy of which is attached as **Exhibit "C"**.

ARTICLE SEVEN

ACQUISITION OF THE PROPERTY

7.1 Acquisition of Village Property by DNA. DNA shall purchase the Village Property, and, if the Village acquires the Car Wash under the terms of **Section 7.2** and the Corner Property under the terms of **Section 7.3**, the Car Wash Property and the Corner Property from the Village pursuant to Article Fifteen. The purchase price to be paid by DNA to the Village for the Village Property and Corner Property, exclusive of the Car Wash Property, shall be Two Million Dollars (\$2,000,000.00). Said payment shall be made according to **Section 15.2** hereof.

7.2 Acquisition of Car Wash Property.

- A.** DNA shall use its best efforts to purchase the Car Wash Property or to secure an option to purchase the Car Wash Property with closing to occur within three (3) years from the date hereof. The Village and DNA agree to share equally in the acquisition cost of the Car Wash Property.
- B.** In the event that DNA is unsuccessful in obtaining a contract to purchase the Car Wash Property or in securing an option to purchase the Car Wash Property by July 1, 2007, and if requested by DNA in writing within thirty (30) days thereafter, the Village agrees, at Village sole cost and expense, to take steps required to file a quick take condemnation action as provided in the Quick Take statute. The Village acknowledges and agrees that all timing obligations of the Car Dealer and DNA under Exhibit "F" of this Agreement, except the date in Exhibit "F" regarding "Occupancy Building, First C of O", shall be tolled by one (1) day for each one (1) day after October 31, 2007 that the Village does not hold title to the Car Wash Property before conveying the same to DNA. As a condition to the Village filing a quick take condemnation action, DNA agrees to place in escrow one-half of the amount of funds that the Village offers in its quick take court complaint as the fair market value of the land and such escrow deposit shall consist of cash or an irrevocable letter of credit. At such time as the Court determines the amount of the preliminary just compensation for the fair market value of the Car Wash Property, DNA shall either deposit funds into the escrow account sufficient to amount to one-half of the amount of the preliminary just compensation, or, if applicable, the Village shall reimburse DNA sufficient funds from the escrow so that the amount of the escrow equals one half the amount of the preliminary just compensation as ordered by the Court at the hearing vesting title in the Village. The Village further agrees to convey the

Car Wash Property acquired by Village hereunder to DNA and DNA agrees to purchase and accept legal title to the Car Wash Property from the Village by special warranty deed upon the Closing, subject to **Article 15**, simultaneous with the payment to the Village of the amount deposited by DNA in escrow for such purpose. In the event that DNA fails to acquire the Car Wash Property after Village has approved the Planned Development and acquired the Car Wash Property by quick take condemnation action, one-half of the escrow amount held hereunder shall be released to DNA within five (5) business days. The balance of such escrow amount shall be released to DNA upon the Village's disposition of the Car Wash Property, subject to reduction by an amount equal to one-half of any loss incurred by the Village as a result of such disposition, exclusive of the Village's condemnation costs. In the event that DNA fails to acquire the Car Wash Property after Village has approved the Planned Development and acquired the Car Wash Property by quick take condemnation action, then DNA and/or Car Dealer shall pay all Village costs incurred in filing and pursuing the quick take condemnation action including all attorneys fees. In the event that the Village has acquired the Car Wash Property by quick take condemnation action and, through no fault of DNA, the Village does not convey the Car Wash Property to DNA at the Closing under the terms of **Article 15**, the escrow amount held hereunder shall be released to DNA within five (5) business days. DNA acknowledges that the Village's quick take condemnation authority expires on November 18, 2008. Thereafter the Village will not have the authority to use quick take authority in the event condemnation is necessary to obtain title to the Car Wash Property.

7.3 Acquisition of Corner Property by Village.

The Village represents that it has entered into a contract to purchase the Corner Property which calls for a closing on May 31, 2007. Car Dealer and DNA acknowledge and agree that the existing restaurant facility known as Tore and Luke's Restaurant ("Restaurant"), shall have a right to remain on a portion of the Corner Property. Pursuant to a Real Estate Sale Contract between the Village and Rand Ridge LLC as sole beneficiary of Harris NA as Trustee under trust # HTB1547 and dated August 7, 2004, the Restaurant has a contractual duty to vacate the Corner Property no later than September 1, 2008 or the two hundred fifty thousand (\$250,000.00) dollar letter of credit held in escrow pursuant to Section 16 of said Real Estate Sale Contract will be forfeited. All deeds to the Corner Property from the Village to DNA shall be subject to said Real Estate Sale Contract and the Village will assign to DNA all rights to the two hundred fifty thousand (\$250,000.00) dollar letter of credit escrow. In the event the Village is not able to buy the Corner Property on contract, the Village shall commence a condemnation action to gain title to the Corner Property at its sole cost and expense. The Village acknowledges and agrees that all timing obligations of the Car Dealer and DNA under Exhibit "F" of this Agreement shall be tolled by one (1) day for each one (1) day after October 31, 2007 that the Village does not hold title to the Corner Property before conveying the same to DNA. Notwithstanding the foregoing, the Parties agree, however, that the date in Exhibit "F" regarding "Occupy Building, First C of O" shall not be tolled.

7.4 Sale of Village Property and Corner Property. Subject to the Village acquiring title to the Corner Property and adopting a Planned Development ordinance for the Project, and Car Dealer closing on all of Car Dealer and/or DNA financing necessary for the construction of the Project, but prior to issuance of any land development permit of any kind or any building permit, the Village agrees and covenants to convey title to DNA, and DNA agrees to purchase and accept legal title to the Village Property and Corner Property from the Village by special

warranty deed, subject to **Article 15**, simultaneous with the payment to the Village by DNA of One Million Dollars (\$1,000,000.00). DNA shall pay the Village an additional One Million Dollars (\$1,000,000.00) at the first to occur of: 1) the issuance of the first Temporary Certificate of Occupancy; or 2) the issuance of the Final Certificate of Occupancy for any part of the Project, but in no event shall the second payment be made later than September 1, 2009.

7.5 Failure of DNA to Close. Subject to DNA being permitted to terminate this Agreement in the event the Village (i) does not approve a Planned Development ordinance that is in substantial conformance with the Preliminary Plans attached as Exhibit "A" and the Toyota 2012 Facility Standards and Toyota Image II Facility Design Guidelines attached as Exhibit "D", (ii) does not cure title defects as required under **Section 15**, or (iii) does not agree to environmental remediation and payment therefor required for the Village Property, Corner Property and Car Wash Property, in the event DNA fails to or refuses to Close on the Village Property, Corner Property or Car Wash Property, if applicable, on or before March 31, 2008, or, if later, within thirty (30) after the date that the Village acquires title to the Car Wash Property or the Corner Property, whichever is the last to occur, the Village may draw on the LC (provided under **Section 9.6**) to the face amount thereof and retain the proceeds as and for liquidated damages and not as a penalty, the Parties acknowledging and agreeing that actual damages in such event would be difficult or impossible to ascertain and that the amount of the LC represents the reasonable estimate of the Parties at the time of execution of this Agreement as to the amount of damages that would be incurred by the Village in such event.

7.6 Use of Plans. In the event of exercise by the Village of its rights under **Section 7.7** hereof, DNA and Car Dealer shall, at the Closing, assign to the Village, or as the Village shall direct, all of its right, title and interest in the Preliminary and Final Plans for the Property which DNA and/or Car Dealer does not develop, along with the express written consent to such assignment

by all parties who created or generated any such Preliminary or Final Plans. At the Closing, DNA and Car Dealer shall deliver to the Village letters from the architect, engineer and all other consultants that have provided development services to DNA or Car Dealer that prepared the Preliminary and Final Plans permitting the Village or its assignee to use them, in accordance with this **Section 7.6**, without further charge. The Village shall be responsible for any payments due the architect, engineer or other consultants for any of their respective services requested in writing by the Village and provided to the Village following the date the Village exercises its rights under **Section 7.7**.

7.7 Repurchase by the Village. If (a) Car Dealer or DNA falls more than ninety (90) days behind any "Target Date" as set forth in **Exhibit "F"**, at such time as Exhibit "F" is finalized pursuant to **Section 9.7**, or (b) if no substantial work is proceeding on the proposed buildings for the Project for a period of ninety (90) consecutive days, and provided that the cause of the delay is not due to Uncontrollable Circumstances, then Car Dealer and/or DNA shall be deemed to have incurred the corresponding Penalty Amount and Village may draw upon the LC to collect the Penalty Amount. If such failure or delay shall occur prior to issuance of a temporary or final certificate of occupancy for the Project ("Repurchase Period"), then such failure or delay shall constitute an Event of Default of this Agreement, and, in addition to the payment of any Penalty Amount, thereafter the Village Manager may notify DNA in writing (the "Return Notice") that the Village demands return (the "Return") of the Property. If DNA and/or Car Dealer does not cure such default within thirty (30) business days of receipt of the Return Notice ("Return Closing Date"), then DNA shall immediately convey the Property then owned by DNA to the Village subject only to such exceptions that encumbered such Property when the Property was conveyed to DNA ("Return Permitted Exceptions") and subject to any acquisition and construction mortgage placed on the Property by DNA in conformance with

the provisions of this Agreement, to fund costs of acquisition of the Property and construction of the Project ("Return Closing Date"), which loan shall be repaid in full by Village at the time of such return ("Mortgage Repayment"). DNA and Car Dealer warrant that they will not collect a Construction Management fee with regard to the Project until after the corresponding Repurchase Period expires. Any mortgage encumbering the Property shall contain an express provision permitting such Return to Village and an agreement of the Lender to release its lien on the Return Closing Date upon payment by Village of the outstanding balance then payable to such Lender and Village shall have the right to recover, jointly and severally, from the DNA, the Car Dealer and/or the Guarantors under the Guaranty, all amounts paid by the Village to the Lender and all amounts incurred by the Village after reacquiring the Property in demolishing any improvements constructed on the Property by Car Dealer. Village may pursue all available legal remedies in order to be made whole. DNA shall convey the Property to the Village by special warranty deed, shall assume any costs for title insurance in the amount paid by the Village for the Property, and DNA and Village shall execute such other customary title documents as are commonly used in similar commercial transactions in the Chicago, Illinois metropolitan area.

ARTICLE EIGHT

VILLAGE COVENANTS AND AGREEMENTS

8.1 Village's Redevelopment Obligations. The Village shall have the obligations set forth in this **Article Eight** in connection with the Project. Notwithstanding the obligations of this **Article Eight**, this Agreement shall not constitute a debt of the Village within the meaning of any constitutional statutory provision or limitation.

8.2 TIF Funding. This Agreement shall not constitute a debt of the Village within the meaning of any constitutions, statutory provision or limitation. TIF funds shall be disbursed to

Car Dealer in accordance with the terms of this Agreement. The Village shall provide TIF assistance to Car Dealer in an amount not to exceed three (\$3,000,000.00) million dollars in cash in reimbursement of TIF Eligible Expenses incurred by Car Dealer for the Project. Said payment by the Village to Car Dealer shall be made annually on a "pay as you go" basis. The amount of the annual payments made by the Village to Car Dealer shall be equal to fifty (50%) percent of the annual sales taxes received by the Village from the Project during the preceding year. No later than May 31st of each year, the Village shall reimburse Car Dealer on the basis of fifty (50%) percent of the sales tax received by the Village in the preceding year, until Car Dealer has received not more than Three Million Dollars (\$3,000,000.00) in cash, subject to Car Dealer having spent sufficient TIF Eligible Expenses to justify said amount.

8.3 Funding for Future Car Dealerships. During the life of the TIF District, the Village agrees to consider providing TIF assistance to a suitable new car dealership in the event that Car Dealer is successful in bringing to the Village one or more suitable new car dealerships that are under the direct control of Car Dealer and which are located within the Rand Road Redevelopment Project Area. The amount of such TIF assistance shall be negotiated at such time as a suitable new car dealership commits to locate within the Rand Road Redevelopment Project Area. This section is subject to all provisions of the TIF Act, including but not limited to Section 65 ILCS 5/11-74.4-3(q-13).

8.4 Agreement to Remain Open and Operating. Car Dealer agrees to keep the Toyota automobile dealership open, operating, and selling Toyota automobiles for a period of the earlier of (i) twenty (20) years from the date of issuance of the Final Occupancy Certificate for the Toyota dealership, or (ii) such date that the Village has received incremental property tax revenue generated by the Property sufficient to retire all debt service incurred by the Village for the Project. In the event that Car Dealer fails to remain open for business in satisfaction of the

foregoing requirement of this **Section 8.4**, Car Dealer agrees that it shall not seek to reduce its real estate tax assessment based on vacancy in the building. Notwithstanding the foregoing, Car Dealer will be discharged of its obligations under this **Section 8.4** if it shall replace the Toyota dealership with an automobile dealership of at least equivalent economic stability and sales tax generation (which new dealership shall undertake the covenant to remain open pursuant to an Assumption and Assignment Agreement) such that the Village receives the same sales tax return as it would have prospectively received if the Toyota dealership were to have remained open and operating, subject to the Village's written approval which shall not be unreasonably withheld.

8.5 Development Signage for the Property. Subsequent to execution of this Agreement and subsequent to adoption of the Planned Development ordinance, upon proper and complete permit application, Car Dealer shall have the right to install "Coming Soon" signage on the Village Property, designed, located and installed in a manner acceptable to the Village in conformance with the Village Zoning Ordinance.

8.6 Defense of TIF District. In the event that any court or governmental agency, having jurisdiction over enforcement of the Act and the subject matter contemplated by this Agreement, shall determine that this Agreement is contrary to law, or in the event that the legitimacy of the Rand Road Redevelopment Project Area is otherwise challenged before a court or governmental agency having jurisdiction thereof, the Village will, at its sole cost and expense, defend the integrity of the Rand Road Redevelopment Project Area and this Agreement. Car Dealer will fully cooperate with the Village in connection with the foregoing, and will be entitled to reimbursement by the Village for TIF Eligible Expenses incurred in connection with such cooperation and approved in writing by the Village prior to being incurred.

8.7 Cooperation with Other Permits. The Village agrees to cooperate with Car Dealer in Car Dealer's attempts to obtain all necessary approvals from any governmental or quasi-governmental entity other than the Village. During the time that the Village is owner of any part of the Property at the time an application is filed, the Village shall execute and promptly process and consider to the extent allowable under applicable law, any reasonable request of Car Dealer for zoning and planned development approvals and for relief or variances from Village Zoning and Subdivision ordinances necessary for the construction of the Project.

8.8 Certificate of Completion. Within thirty (30) days after written request from Car Dealer and after Car Dealer has provided all required waivers of liens, sworn statements necessary to comply with the Illinois Mechanics Lien Act, and a date-down endorsement to an owner's policy of title insurance showing no outstanding mechanics' or other liens and Car Dealer has complied with all Village codes and with the obligations of this Agreement with respect to the completion of construction of the Project, including obtaining final certificates of occupancy, the Village shall deliver a Certificate of Completion or, if not complete or satisfied, a written statement of any deficiencies. Upon correction of any noted deficiencies, the Village shall within ten (10) days thereafter deliver the Certificate of Completion.

8.9 Cash Payment. Based on Car Dealer incurring expenses that are eligible under the Act, and Car Dealer providing proof of payment and paid receipts for said TIF Eligible Expenses, the Village shall reimburse Car Dealer a sum not to exceed Three Million Dollars (\$3,000,000.00), not including any Village write-down of Property acquired by Car Dealer. Said amount shall be paid pursuant to **Section 8.2** of this Agreement subject to the condition that Car Dealer and/or the operator of the car dealership facility complete, execute and deliver to the Village an "Authorization to Release Sales Tax Information", upon receipt of the Illinois Business Tax Number for the car dealership.

ARTICLE NINE

CAR DEALER'S AND DNA'S COVENANTS AND AGREEMENTS

9.1 Car Dealer's and DNA's Redevelopment Obligations. Car Dealer and DNA shall have the obligations set forth in this **Article Nine** for the development, construction, financing, completion and furtherance of the Project.

9.2 Accept Title to the Property. DNA hereby agrees to accept legal title to the Village Property, Car Wash Property, and Corner Property, at the Closing subject to the provisions of **Article Fifteen**.

9.3 Permit Application Deadlines. By November 1, 2007, Car Dealer shall have applied for preliminary Planned Development approval and final Planned Development approval, which application the Village shall execute as land owner, if applicable. By June 30, 2008, or thirty (30) days after Planned Development approval whichever is later, Car Dealer shall have applied for (and made all submittal requirements in conformance with Village codes) a building permit for the construction of the Project in accordance with the Final Plans. Car Dealer shall proceed with the application for permits and construction of the Project on the Property in accordance with the schedule to be set forth in **Exhibit "F"** which Exhibit shall be agreed to among the Parties pursuant to **Section 9.7**. In the event that the Village does not adopt an ordinance granting a Planned Development for the Project on or before March 31, 2008, this Agreement shall be null and void at the election of Car Dealer, provided that all escrow funds shall be released to DNA pursuant to **Section 7.2**.

9.4 Construction Financing Deadline. Not more than thirty (30) days after execution of this Agreement, Car Dealer and DNA shall demonstrate to the Village's satisfaction through signed letters of intent or otherwise that Car Dealer and DNA have sufficient funds to pay the cost of the Project and any other obligations of DNA and Car Dealer hereunder relating to the

Property. DNA and Car Dealer shall obtain a binding financing commitment in form and content that is typical in the industry, for construction financing for the Project ("Construction Loan") to be constructed and shall provide to the Village evidence of such commitment not later than thirty (30) days after the Village adopts a final ordinance granting Planned Development approval for the Project. Car Dealer may at any time and from time to time assign to any construction lender or other mortgagee ("Mortgagee") its rights and interests hereunder as collateral for the Construction Loan or other financing in connection with the Project permitted in accordance with the terms of this Agreement ("Collateral Assignment"), and Village shall consent to such Collateral Assignment, subject to the following: In the event that any Mortgagee or successor to a Mortgagee shall succeed to the interests of Car Dealer in the Project or in any portion thereof pursuant to or as result of remedies under the Construction Loan documents or other mortgage and/or under any related documents, including the Collateral Assignment ("Mortgage Documents"), whether by foreclosure, deed-in-lieu of foreclosure or other rights granted under such Mortgage Documents, the Village shall attorn to and recognize Mortgagee or such successor, so long as such Mortgagee or successor shall accept, in writing, an assignment of the rights and obligations of Car Dealer hereunder, effective from and after the date of such acceptance. Mortgagee or such successor, as the case may be, shall have no liability or obligation to Village hereunder for matters arising prior to such acceptance or for the prior defaults of Car Dealer. In the event that Mortgagee or such other successor, as the case may be, shall not accept an assignment of the rights and obligations of Car Dealer hereunder, then such party shall be entitled to no rights or benefits hereunder.

9.5 Project Development Budget. Car Dealer shall submit to the Village the project development budget approved by the construction lender when available but not later than thirty (30) days after the Village adopts a final ordinance granting Planned Development

approval for the Project. The Car Dealer agrees that the Village will be provided a reasonable opportunity to meet with the construction lender if requested by the Village.

9.6 Letters of Credit, Permits and Other Security.

Within thirty (30) days of execution of this Agreement, Car Dealer shall provide to Village an original of the Guaranty executed by the Guarantors and Car Dealer shall place with the Village a Letter of Credit (LC) with the Village, in the amount of One Million Five Hundred Thousand (\$1,500,000.00) Dollars. The LC shall be reduced by Seven Hundred Fifty Thousand (\$750,000.00) Dollars upon Car Dealer's completion of shell and core of the new car sales building. The LC shall be reduced by Five Hundred Thousand (\$500,000.00) Dollars upon the first to issue of a temporary occupancy certificate or final occupancy certificate of the new car sales building. The LC shall be reduced by One Hundred Fifty Thousand (\$150,000.00) Dollars at such time as the Village issues a Final Certificate of Occupancy for the last building at the Project and upon acceptance of all public improvements and Off-Site Improvements. The balance of the LC in the amount of One Hundred Thousand Dollars (\$100,000.00) shall be released upon the completion of the one-year maintenance period as required under the Village Code.

9.7 Timing of Car Dealer's Obligations. At the time of execution of this Agreement, Village and Car Dealer agree that Car Dealer is not in a position to provide a complete **Exhibit "F"** hereto. Village and Car Dealer agree that prior to Car Dealer's submission of a Planned Development application, Car Dealer shall, in good faith, submit a proposed **Exhibit "F"** hereto for agreement by the Village Manager, which shall not be unreasonably withheld. Such completion of **Exhibit "F"** hereto shall be a minor amendment to this Agreement which shall not require Village Council approval unless so determined by the Village Manager. In the event that failure of the Car Dealer and Village to agree on a final form of **Exhibit "F"** hereto this

Agreement shall be null and void with no further action required and with both Parties to otherwise cover their own costs, provided that, if such failure is on account of Car Dealer's unreasonable insistence upon timing obligations which cannot result in issuance of a certificate of occupancy for the Project on or before September 1, 2009, the Village shall have the right to draw on the LC in its full amount. Car Dealer covenants and agrees to construct, or cause to be constructed, the Project on the Property in compliance with **Exhibit "F"** hereto and otherwise as required herein, subject to Uncontrollable Circumstances. Notwithstanding anything herein to the contrary, the Parties agree, however, that the dates in Exhibit "F" regarding "Occupy Building, First C of O" shall not be tolled.

9.8 Compliance with Applicable Laws. DNA and Car Dealer warrant that they shall at all times acquire, install, construct, operate and maintain the Project in conformance with all applicable laws, rules, ordinances and regulations. All work with respect to the Project shall conform to all applicable federal, state and local laws, regulations and ordinances, including, but not limited to, zoning, subdivision, planned development codes, building codes, environmental codes, life safety codes, property maintenance codes and any other applicable codes and ordinances of the Village as more specifically set forth in **Article Eleven**. Village shall not enact any law, ordinance, rule or regulation (or amendment thereto) which would have the effect of increasing Car Dealer's obligations hereunder, including an increase in the cost of the Project, unless said law, ordinance, rule or regulation is one of general applicability to all property in the Village.

9.9 No Default. The DNA and/or Car Dealer shall not be in default under this Agreement or be in default under any agreement with the Village of Buffalo Grove or the Toyota Motor Sales USA, Inc. or any other party in connection with the development of the Property, which default has not been cured after the giving of proper notice thereunder and all rights to cure

have lapsed. Failure to comply with this term renders DNA and Car Dealer in default of this Agreement, subject to DNA's and Car Dealer's right to cure under this Agreement.

9.10 Progress Meetings. Car Dealer shall meet with the Village Council and Village staff and make presentations to the Village Council and Village staff as reasonably requested by the Village Manager in order to keep the Village apprised of the progress of the development.

9.11 Authorized Representative. Subject to the provisions thereof, Car Dealer has designated in **Article Three** (i) a representative with full power and authority to meet with Village staff for purposes of coordinating and implementing obligations of the Parties under this Agreement; provided, however, that all agreements of the Parties shall be in writing and fully authorized by all necessary action of such Parties.

9.12 Real Estate Tax Payments. DNA, Car Dealer and successor owners agree to pay all general and special real estate taxes levied during their respective period of ownership against their respective interest in the Project on or prior to the date same is due and said taxes shall not become delinquent. DNA, Car Dealer and successor owners shall deliver evidence of payment of such taxes to the Village upon request.

9.13 Tax Exempt Status. Consistent with its covenant in **Section 10.7**, DNA, Car Dealer and successor owners shall not assert a tax-exempt status during their respective period of ownership. This prohibition shall run with the land and shall expire on the date the Rand Road Redevelopment Project Area expires or an earlier date if agreed by the Village, DNA, and Car Dealer.

9.14 Reserved.

9.15 Sale Contracts. All sales contracts and leases shall be made specifically subject to the terms of this Agreement.

9.16 Fees and Expenses. Car Dealer shall pay all Village and other governmental entity-imposed fees, including but not limited to permit, inspection, review, tap-on, and storm water drainage fees that are assessed on a uniform basis throughout the Village and are of a general applicability to all other property in the Village. Said payments shall be made as directed by the applicable Village code or policy.

Car Dealer's failure to pay the fees and expenses described in this **Section 9.16** or elsewhere in this Agreement, shall constitute an Event of Default hereunder. Without waiving its rights against Car Dealer, the Village may be reimbursed for said fees and expenses to the extent they are TIF Eligible Expenses.

9.17 Loan Agreement. Prior to issuance of the Certificate of Completion by the Village, neither DNA nor Car Dealer shall use the Property as collateral for anything, including automobiles, other than the cost of acquiring the Property and constructing the Project. Notwithstanding anything to the contrary contained herein, no mortgage executed in connection with DNA's or Car Dealer's Loan may encumber the Property unless the Lender thereunder has committed in writing to the Village that, without Village's consent:

- (a) in no event shall disbursements be made under DNA's or Car Dealer's Loan with regard to matters other than land acquisition that exceed One Million Dollars (\$1,000,000.00) or, if greater, the amount required under the approved construction budget provided under **Section 9.5** to construct the foundation for the new vehicle sales building, until such time as the Village approves the foundation inspection for the new vehicle sales building;
- (b) in no event shall the Property serve as security or collateral for any loan other than loans the proceeds of which will be applied to the acquisition of the Property and construction of the Project;

- (c) in the event the Village exercises the repurchase option described in **Section 7.7**, such Lender will release the lien of its mortgage against the Property upon repayment by the Village of all amounts due and owing such Lender;
- (d) in no event may Lender exercise any remedies with regard to any default under DNA's or Car Dealer's Loan, other than the right to withhold further disbursements, until such time as Lender has tendered to Village written notice thereof and afforded to the Village the same cure period afforded to DNA and Car Dealer under the loan documents to cure any such default noted therein; and
- (e) except for protective advances by the Lender, the amount of Car Dealer's Loan may not be increased without the consent of the Village to an amount that exceeds the as completed appraised value of the Property and Project.

9.18 Toyota Motor Sales USA, Inc. Approvals. Car Dealer has provided to the Village, as a condition precedent to the Village's execution of this Agreement, written evidence from Toyota Motor Sales USA, Inc. in form and substance acceptable to the Village that: 1) Toyota Motor Sales USA, Inc. and any other applicable corporate entity approves the relocation of Car Dealer's dealership to the Property; and 2) Toyota Motor Sales USA, Inc. existing facility requirements are such that Car Dealer's present location contains inadequate space, has become economically obsolete, or is no longer a viable location for the dealership, sufficient to allow the Village to make a reasonable finding that the current location contains inadequate space, has become economically obsolete, or is no longer a viable location for the car dealership. This Agreement and the Village's agreement to reimburse Car Dealer TIF Eligible Expenses is specifically contingent on such written evidence as required by Section 65 ILCS 5/11-74.4-3(q-13) of the Act.

9.19 Village of Buffalo Grove Agreement. Prior to the Village executing this Agreement, Car Dealer shall provide to Village a written legal opinion from Car Dealer's attorney that Car Dealer's execution of and performance under this Agreement will not result in a breach of or default under any other agreement to which Car Dealer is a party with the Village of Buffalo Grove, Illinois.

9.20 Demolition of the Restaurant Building. DNA or Car Dealer shall undertake the demolition of all surface and subsurface structures existing on the Property and restoration of suitable soils sufficient to support the Project in accordance with the Final Plans. Subject to Village approval of DNA's or Car Dealer's proposal for demolition and restoration, Village, upon complete submittal of materials and an application for demolition and restoration by DNA or Car Dealer, shall issue the applicable permits. DNA or Car Dealer shall obtain the required demolition permit from Cook County. Demolition and restoration may occur at any time after the restaurant operator closes his business on the Property, pursuant to the License Agreement attached hereto as **Exhibit "C"** hereto. Demolition and restoration shall be part of the TIF Eligible Expenses.

9.21 Environmental Remediation of the Property. At the time, or upon completion, of demolition, DNA shall undertake, as agent for Village and at Village's sole cost and expense, further environmental investigation and remediation of the Property as Village and DNA agree is sufficient and necessary to obtain a Focused No Further Remediation Letter from the IEPA to the TACO industrial/commercial standards, which shall be sufficient to allow Car Dealer's Project to be constructed, in accordance with the Final Plans; which remediation may be as prescribed by one or more remediation plans to be agreed upon between Village and DNA, if applicable. Village shall obtain a Focused No Further Remediation Letter from the IEPA in

form and substance reasonably acceptable to DNA and Village shall indemnify and hold DNA, its successors and assigns harmless from and against any environmental costs, claims or damages related to the Property. DNA must conform to the IEPA process and timelines, provided, however, that any delay by the IEPA will not constitute a default by Village. In no event shall the Village cost to remediate the Property, together with the Village indemnity of DNA exceed a total cost of Two Hundred Fifty Thousand and No Dollars (\$250,000.00). In such event that the amount to remediate and indemnify exceeds said amount, the Village shall have the right to terminate this Agreement. In the event that the Village elects to terminate this Agreement pursuant to this provision, the Village shall repurchase any portion of the Property then owned by DNA at DNA's cost of acquisition. DNA shall convey any such portion of the Property by special warranty deed.

ARTICLE TEN

ADDITIONAL COVENANTS OF CAR DEALER AND DNA

10.1 Car Dealer Existence. Car Dealer will do or cause to be done all things necessary to preserve and keep in full force and effect its existence and standing as an Illinois Corporation authorized to do business in Illinois, so long as Car Dealer maintains an interest in the Property or has any other remaining obligation pursuant to the terms of this Agreement. Car Dealer will also do or cause to be done all things necessary to preserve and keep in full force and effect its existence and good standing its franchise with the Toyota Motor Sales USA, Inc. and any other applicable corporate entity.

10.2 DNA Existence. DNA will do or cause to be done all things necessary to preserve and keep in full force and effect its existence and standing as an Illinois corporation authorized to do business in Illinois, so long as DNA maintains an interest in the Property or has any other remaining obligation pursuant to the terms of this Agreement. DNA will also do or cause to be

done all things necessary to preserve and keep in full force and effect its existence and good standing its franchise with the Toyota Motor Sales USA, Inc. and any other applicable corporate entity.

10.3 Construction of Project. Car Dealer shall diligently pursue obtaining all required permits and Car Dealer shall cause construction of the Project on the Property to be prosecuted and completed pursuant to the schedule set forth on **Exhibit "F"**, in good faith and without delay, subject to Uncontrollable Circumstances and the other provisions of this Agreement. Neither Car Dealer, nor any entity in which Car Dealer has an interest, shall be paid any construction management fee or other fees from the proceeds of the Construction Loan for the Property until issuance of a Temporary or Final Certificate of Occupancy for any part of the Project.

10.4 Indemnification. DNA and Car Dealer (use of the term "DNA" and "Car Dealer" herein includes permitted successors and assigns), agrees to and does hereby indemnify, defend and hold the Village, Mayor, Village Council Members, Village Manager, officers, agents and employees (hereinafter "Indemnified Parties") 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 Indemnified Parties (which shall not include any claim related to the loss of sales tax or incremental property tax revenues), which are caused as a result of:

- a. the failure of DNA and/or Car Dealer to comply with any of the terms, covenants or conditions of this Agreement with which DNA and/or Car Dealer is obligated to comply; or
- b. the failure of DNA and/or Car Dealer or any of Car Dealer's contractors to pay contractors, subcontractors or materialmen in connection with the Project; or

c. material misrepresentations or omissions of DNA and/or Car Dealer relating to the Project, financials or this Agreement which are the result of information supplied or omitted by DNA and/or Car Dealer or by its agents, employees, contractors or persons acting under the control or at the request of DNA and/or Car Dealer; or

d. the failure of DNA and/or Car Dealer to cure any material misrepresentations or omissions of DNA and/or Car Dealer in this Agreement relating to the Project within the applicable cure provisions of this Agreement; or

e. any claim or cause of action for injury or damage brought by a third party arising out of the construction or operation of the Project by Car Dealer; or

f. any violation by DNA and/or Car Dealer of local ordinance, state or federal laws, in connection with the offer and sale of interests in DNA and/or Car Dealer or any part of the Project; or

g. the occurrence of an Event of Default by DNA and/or Car Dealer; or

h. the failure of DNA and/or Car Dealer to comply with any of the terms, covenants or conditions of its franchise agreement with Toyota Motor Sales USA, Inc.

The provisions of this **Section 10.3** shall not apply to any loss which arises out of (in whole or in part) the intentional conduct on the part of any Indemnified Party providing this information, but only to the extent that such Indemnified Parties' misconduct or misinformation contributed to the loss, or that the loss is attributable to such Indemnified Parties' misconduct or negligence or misinformation.

10.4 Insurance. Seven (7) days prior to DNA Closing on the Village Property, Corner Property, or Car Wash Property, Car Dealer (or Car Dealer's contractor) shall deliver to the Village, at Car Dealer's cost and expense, insurance required to be carried by Car Dealer pursuant to **Article Fourteen**. Village and the company retained by Village (or Car Dealer as

Village's agent in connection with environmental remediation) to perform the remediation work on the Property shall be named as additional insured parties on Car Dealer's insurance policies until such time as a Certificate of Completion is issued; provided that Village hereby agrees and acknowledges that the rights of Village as an additional insured are subordinate to the priority of the construction lender as a loss payee. The Village shall be named as an additional insured party on Car Dealer's insurance policies until such time as a Certificate of Completion is issued; provided that, Village hereby agrees and acknowledges that its rights as an additional insured are subordinate to the priority of the construction lender as a loss payee.

10.5 Further Assistance and Corrective Instruments. The Village, DNA and Car Dealer agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may be reasonably required for carrying out the intention of or facilitating the performance of this Agreement to the extent legally permitted and within the Village's sound legal discretion.

10.6 No Gifts. DNA and Car Dealer covenant that no officer, member, manager, stockholder, employee or agent of DNA or Car Dealer, or any other person connected with DNA or Car Dealer, has made, offered or given, either directly or indirectly, to the Mayor, any Council member, or any officer, employee or agent of the Village, or any other person connected with the Village, any money or anything of value as a gift or bribe or other means of influencing his or her action in his or her capacity with the Village.

10.7 Conveyance. In recognition of the nature of the Project and the Village's projections of the need for incremental tax revenues to finance TIF Eligible Expenses, in accordance with the Act, during the life of the TIF consistent with its covenants in **Sections 9.13**, DNA shall not knowingly undertake to convey the Property to persons whose ownership and use of such

Property will cause it to be exempt from payment of property taxes. To facilitate this provision, the Village will impose in the deed conveying all or any portion of the Property to DNA and DNA shall impose in its deed conveying all or any portion of the Property a prohibition against granting such conveyance consistent with the covenants in **Sections 9.13**.

10.8 Disclosure. Concurrently with execution of this Agreement, DNA and Car Dealer shall disclose to the Village the names, addresses and ownership interests of all Persons that comprise DNA and Car Dealer, including all shareholders of the corporation. The DNA and Car Dealer shall disclose the same information to the Village at Closing of the Village Property, Corner Property and Car Wash Property. At the time of execution of this Agreement and prior to Closing of the last of the Village Property, Corner Property and Car Wash Property, no change shall be made in the persons comprising DNA and/ or Car Dealer or in their ownership interests without the consent of the Village. All changes made in the persons comprising DNA and Car Dealer or in their ownership interests shall be disclosed to the Village during the term of this Agreement.

10.9 Open Book Project. Car Dealer's Project shall be an "open book" project meaning that Car Dealer and the general contractor (or contractors, if more than one) will assure continuing access to the Village's agents for the purpose of reviewing and auditing their respective books and records relating to any item necessary to determine the costs of the Project. The foregoing Village review rights shall terminate one (1) year after the issuance of the final certificate of occupancy with respect to costs for the Project, unless Car Dealer has failed to make available any such books and/or records requested in writing by the Village. Car Dealer shall provide to the Village copies of any corporate, partnership, limited liability operating agreements or joint venture agreements pertaining to the Property to which Car Dealer is a party; provided that Car Dealer may, (if Car Dealer has previously provided the Village not less than thirty (30) days to

review such confidential financial materials), remove from the copies of such agreements any confidential financial information previously disclosed to the Village and not since changed in form or substance and the Village shall keep such agreements confidential, to the maximum extent permitted by law. Failure to provide the documents or allow review of the books within fifteen (15) days after request by the Village shall be an Event of Default. Car Dealer shall exercise prudence and good faith in attempting to contract with persons or entities who are reputable and experienced in their respective areas for the provision of services or material for the design and construction of the Project at costs not in excess of market rates. The Village agrees that Car Dealer may designate within its discretion the general contractor (or general contractors) for the Project. The general contractor (or general contractors) designated by Car Dealer shall be experienced and reputable.

10.10 Assignment of Agreement. This Agreement is not assignable except to an assignee of a Mortgagee for collateral purposes only, as set forth in **Section 9.4**, or for Permitted Transfers (as hereinafter defined), until a Certificate of Completion for the entire Project including Off-Site Improvements is issued by the Village. Notwithstanding anything in this **Section 10.10**, no part of this **Section 10.10** and **Section 10.11** shall require the Village's consent to the collateral assignment hereof to DNA's lender or Car Dealer's construction lender or permanent lender, if required thereby, or to a Permitted Transferee. Subsequent to completion of the Project, as evidenced by a Certificate of Completion, DNA and Car Dealer shall give notice to Village of any proposed transfer and Village shall have thirty (30) days to accept or reject such assignee in its sole discretion.

10.11 No Transfer without Village's Consent. Prior to issuance of a Certificate of Completion for the entire Project including Off-Site Improvements, no portion of Car Dealer's Project shall be transferred or conveyed (other than to Permitted Transferees). Car Dealer shall notify the

Village of any transfer of any interest in the Project other than to an Affiliate of Car Dealer; as used herein, an "Affiliate of Car Dealer" shall mean an entity which controls, is controlled by, or is under common control with Car Dealer and which has the same manager, members, partners or shareholders owning in the aggregate, more than fifty percent (50%) of the ownership interests in Car Dealer owning more than fifty percent (50%) of the ownership interests in said Affiliate; and as used herein "control" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities or rights, by contract, or otherwise. The foregoing transfers shall herein be referred to as the "Permitted Transfers". Car Dealer shall not be required to obtain Village review, approval or consent to any Permitted Transfer. The Village shall have no duty to return the LC or any other security posted in connection with the portion of the Project so transferred until substitute security acceptable to Village is received.

ARTICLE ELEVEN

ADHERENCE TO VILLAGE CODES AND ORDINANCES

All development and construction of the Project shall comply in all respects with the provisions in the Building, Plumbing, Mechanical, Electrical, Storm Water Management, Fire Prevention, Property Maintenance, Zoning and Subdivision Codes of the Village and all other germane codes and ordinances of the Village in effect from time to time, unless otherwise mandated by State law or permissible under a variance or exemption granted to DNA or Car Dealer by a governmental body authorized to grant such variance or exemption. DNA and Car Dealer have examined and is familiar with and agrees that its development of the Project shall be performed in accordance with all the covenants, conditions, restrictions, building regulations, zoning ordinances, property maintenance regulations, environmental regulations and land use regulations, codes, ordinances, federal, state and local ordinances affecting the

Project or is permissible under a variance or exemption granted to DNA or Car Dealer by a governmental body authorized to grant such variance or exemption.

ARTICLE TWELVE

REPRESENTATIONS AND WARRANTIES OF CAR DEALER

AND DNA

DNA and Car Dealer represent, warrant and agree as the basis for the undertakings on their respective parts herein contained that as of the date hereof and until completion of the Project:

12.1 Organization and Authorization. DNA and Car Dealer are Illinois corporations authorized to do business in Illinois and existing under the laws of the State of Illinois, and are authorized to and have the power to enter into, and by proper action have been duly authorized to execute, deliver and perform, this Agreement. DNA and Car Dealer are solvent, able to pay their debts as they mature and financially able to perform all the terms of this Agreement. To DNA and to Car Dealer's knowledge, there are no actions at law or similar proceedings which are pending or threatened against DNA or Car Dealer, respectively, which would materially and adversely affect the ability of DNA or Car Dealer to proceed with the construction and development of the Project.

12.2 Toyota Motor Sales USA, Inc. Authorization and Approval. Organization and Authorization. Car Dealer is authorized to do business by Toyota Motor Sales USA, Inc. at the Property pursuant to Car Dealer's franchise agreement with Toyota Motor Sales USA, Inc. Car Dealer and DNA have the power to enter into, and by proper action have been duly authorized to execute, deliver and perform, this Agreement. Prior to the Village's execution of this Agreement Car Dealer has provided a letter from Toyota Motor Sales USA, Inc. in form and substance acceptable to the Village establishing Car Dealer's approval to locate the Toyota

dealership on the Property. To Car Dealer's knowledge, there are no actions which are pending or threatened against Car Dealer by Toyota Motor Sales USA, Inc. which would materially and adversely affect the ability of Car Dealer to proceed with the construction and development of the Project.

12.3 Non-Conflict or Breach. Neither the execution and delivery of this Agreement by either the DNA or Car Dealer, the consummation of the transactions contemplated hereby by DNA or Car Dealer, nor the fulfillment of or compliance with the terms and conditions of this Agreement by DNA or Car Dealer conflict with or result in a breach of any of the terms, conditions or provisions of any franchise agreement, offerings or disclosure statement made or to be made on behalf of DNA or Car Dealer (with DNA's or Car Dealer's prior written approval), any organizational documents, any restrictions, agreement or instrument to which DNA or Car Dealer or any of its partners or venturers is now a party or by which DNA or Car Dealer or any of its partners or its venturers is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any prohibited lien, charge or encumbrance whatsoever upon any of the assets or rights of DNA or Car Dealer, any related party or any of its venturers under the terms of any instrument or agreement to which DNA or Car Dealer, any related party or any of its partners or venturers is now a party or by which DNA or Car Dealer, any related party or any of its venturers is bound, the effect of which would have a material and adverse effect upon the Project.

12.4 Location of Project. The Project will be located entirely within the Property, except for the Off-Site Improvements.

12.5 Financial Resources. DNA and Car Dealer, respectively, and any Affiliate to which portions of this Agreement are assigned, have sufficient financial and economic resources to

implement and complete DNA's and/or Car Dealer's respective obligations contained in this Agreement.

12.6 Limit on Use of Land as Security. DNA's and Car Dealer's right to use the land as security for financing purposes shall be subject to the restrictions contained in this Agreement. Violation of this covenant shall constitute an Event of Default.

ARTICLE THIRTEEN

REPRESENTATIONS AND WARRANTIES OF THE VILLAGE.

The Village represents, warrants and agrees as the basis for the undertakings on its part herein contained that:

13.1 Organization and Authority. The Village is a municipal corporation duly organized and validly existing under the law of the State of Illinois, is a home rule unit of government, and has all requisite corporate power and authority to enter into this Agreement.

13.2 Authorization. The execution, delivery and the performance of this Agreement and the consummation by the Village of the transactions provided for herein and the compliance with the provisions of this Agreement (except with regard to condemnation): (i) have been duly authorized by all necessary corporate action on the part of the Village, (ii) require no other consents, approvals or authorizations on the part of the Village in connection with the Village's execution and delivery of this Agreement, and (iii) shall not, by lapse of time, giving of notice or otherwise result in any breach of any term, condition or provision of any indenture, agreement or other instrument to which the Village is subject.

13.3 Litigation. To the best of the Village's knowledge, there are no proceedings pending or threatened against or affecting the Village or the Rand Road Redevelopment Project Area in any court or before any governmental authority which involves the possibility of materially or adversely affecting the ability of the Village to perform its obligations under this Agreement.

13.4 Connections. The Village shall permit the connection to Village utility systems of all water lines, sanitary and storm sewer lines or Village utility lines existing or constructed in the Property or near the perimeter of the Property as set forth on the Final Plans, provided that DNA and Car Dealer comply with all requirements of general applicability promulgated by the Village for such connections. Village shall grant utility easements over Village owned land and public rights of way as may be necessary or appropriate to accommodate the utilities shown on the Final Plans.

13.5 Information. The Village shall deliver to DNA all documents and instruments in its possession or control relating to the physical condition and development of the Property on or prior to the date of the delivery of the Title Commitment and Survey (as set forth below).

13.5 Best Efforts. Village agrees to cooperate with Car Dealer in Car Dealer's efforts to obtain necessary licenses, permits and approvals from other governmental and quasi-governmental bodies for the Project, including, the state and local Departments of Transportation, Metropolitan Water Reclamation District, state and federal Environmental Protection Agencies, and FEMA.

ARTICLE FOURTEEN

LIABILITY AND RISK INSURANCE.

14.1 Liability Insurance Prior to Completion. Seven (7) days prior to Closing, Car Dealer (or Car Dealer's contractor) shall procure and deliver to the Village, at Car Dealer's (or such contractor's) cost and expense, and shall maintain in full force and effect until each and every obligation of Car Dealer contained herein has been fully paid, or performed, a policy or policies of comprehensive liability insurance and, during any period of construction, contractor's liability insurance and worker's compensation insurance, with liability coverage under the comprehensive liability insurance to be not less than Two Million Dollars (\$2,000,000.00) each

occurrence and Five Million Dollars (\$5,000,000.00) total. All such policies shall be in such form and issued by such companies as shall be acceptable to the Village to protect the Village and Car Dealer against any liability incidental to the use of or resulting from any claim for injury or damage occurring in or about the Project on the Property, or the construction and improvement thereof by Car Dealer. Each such policy shall name the Village as an additional insured and shall contain an affirmative statement by the issuer that it will give written notice to the Village at least thirty (30) days prior to any cancellation or amendment of its policy; provided that, Village hereby agrees and acknowledges that it's rights as an additional insured are subordinate to the priority of the construction lender as a loss payee. Car Dealer may satisfy its insurance obligations in this **Article Fourteen** by way of a blanket policy or policies which includes other liabilities, properties and locations having a general policy aggregate of at least Ten Million Dollars (\$10,000,000.00). Car Dealer shall provide to the Village a replacement certificate not less than thirty (30) days prior to expiration of any policy.

14.2 Builder's Risk Prior to Completion. Prior to completion of the construction of the Project on the Property, as certified by the Village, Car Dealer shall keep in force at all times builders risk insurance on a completed value basis, in non-reporting form, against all risks of physical loss, including collapse, covering the total value of work performed and equipment, supplies and materials furnished for the Project (including on-site stored materials), all as to work by Car Dealer. Such insurance policies shall be issued by companies satisfactory to the Village. All such policies shall contain a provision that the same will not be canceled or modified without prior thirty (30) day written notice to the Village.

ARTICLE FIFTEEN

REAL ESTATE SALE PROVISIONS

15.1 As Is Purchase. EXCEPT AS EXPRESSLY PROVIDED HEREIN TO THE

CONTRARY, DNA AND CAR DEALER AGREE THAT THEY WILL PERFORM ALL EXAMINATIONS AND INVESTIGATIONS OF THE PROPERTY THEY DEEM NECESSARY, INCLUDING SPECIFICALLY, WITHOUT LIMITATION, EXAMINATIONS AND INVESTIGATIONS FOR THE PRESENCE OF ASBESTOS, PCB EMISSIONS AND HAZARDOUS SUBSTANCES, MATERIALS OR WASTES (AS THOSE TERMS MAY BE DEFINED BY APPLICABLE FEDERAL OR STATE LAW, RULE OR REGULATION) ON THE PROPERTY, AND THAT DNA AND CAR DEALER WILL RELY SOLELY UPON SUCH EXAMINATIONS AND INVESTIGATIONS, ALONG WITH ANY AND ALL DOCUMENTS PROVIDED TO DNA BY VILLAGE (OR MADE AVAILABLE BY VILLAGE FOR DNA'S REVIEW) IN PURCHASING THE PROPERTY. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, IT IS EXPRESSLY UNDERSTOOD AND AGREED BY DNA AND CAR DEALER THAT DNA IS PURCHASING THE PROPERTY "AS IS" AND "WHERE IS," AND WITH ALL FAULTS AND THAT VILLAGE IS MAKING NO REPRESENTATIONS OR WARRANTIES, WHETHER EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE, WITH RESPECT TO THE QUALITY, PHYSICAL CONDITION OR VALUE OF THE PROPERTY OR THE COMPLIANCE OF THE PROPERTY WITH APPLICABLE BUILDING OR FIRE CODES OR OTHER LAWS OR REGULATIONS. WITHOUT LIMITING THE FOREGOING, IT IS UNDERSTOOD AND AGREED THAT VILLAGE MAKES NO WARRANTY OF HABITABILITY, SUITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. DNA AGREES THAT VILLAGE IS NOT LIABLE OR BOUND BY ANY GUARANTEES, PROMISES, STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY MADE OR FURNISHED BY ANY REAL ESTATE AGENT, BROKER, EMPLOYEE, SERVANT OR OTHER PERSON REPRESENTING OR PURPORTING TO REPRESENT VILLAGE, EXCEPT AS AND TO THE EXTENT EXPRESSLY SET FORTH HEREIN. DNA, CAR DEALER AND VILLAGE AGREE THAT THE PROVISIONS OF THIS SECTION SURVIVE THE CLOSING OF THE TRANSACTION CONTEMPLATED BY THIS CONTRACT.

15.2 Purchase Price.

a. The Village shall transfer to DNA title to the Village Property and Corner Property at the price of Two Million Dollars (\$2,000,000.00), and if applicable, DNA's escrow deposit under **Section 7.2** in connection with the Village's acquisition cost of the Car Wash Property, to be paid as follows: (i) at the Closing, One Million Dollars (\$1,000,000.00) and, if applicable, one hundred percent (100%) of DNA's escrow deposit under **Section 7.2** in connection with the Village's acquisition cost of the Car Wash Property; and (ii) an additional One Million Dollars (\$1,000,000.00) at the first to occur of: 1) the issuance of the first Temporary Certificate of Occupancy; or 2) the issuance of the Final Certificate of Occupancy for any part of the Project, but in no event shall the second payment be made

later than September 1, 2009. Village and DNA shall pay the closing costs which arise in connection with their respective obligations hereunder. Any applicable county, state and local transfer taxes shall be paid by DNA.

15.3 Title.

a. **Title Commitment; Title Policy and Survey.** At least thirty (30) days prior to the Closing, Village shall cause to be furnished to DNA a (i) title commitment ("Commitment") issued by Chicago Title Insurance Company ("Title Company"), covering the respective Property, together with true and legible copies of all documents creating or establishing easements, restrictions, and other items referred to as exceptions in Schedule "B" and Schedule "C" of the Commitment ("Title Documents") and an ALTA/ACSM Land Title Survey, including Table A - Optional Survey Responsibilities and Specifications Nos. 1, 3, 4, 7(a), 8, 10 and 11(a), prepared and certified to DNA, Title Company and DNA's construction lender or other identified third parties in accordance with the *2005 Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys as adopted by American Land Title Association and National Society of Professional Surveyors* ("Survey").

b. **Objections.** DNA shall have ten (10) days following receipt of the Commitment, Title Documents and Survey received under paragraph a of this **Section 15.3** to review the Commitment, Title Documents and Survey and to provide to Village in writing a specific list of DNA's objections to any of them other than the Agreed Exceptions, as defined below, and Consensual Liens ("Title Objections"). Any item constituting an encumbrance upon or adversely affecting title to the Property (except for Agreed Exceptions and Consensual Liens) which is not objected to by DNA in writing by such time shall be deemed approved by DNA and shall constitute a Permitted Exception (as hereinafter defined). All title exceptions listed on the attached **Exhibit "G"**, are collectively referred to as "Agreed Exceptions" and shall

constitute Permitted Exceptions. Said Agreed Exceptions shall include, but not be limited to the rights of possession of the Restaurant on the Property. Any mortgages, security interests, financing statements, special assessments, taxes or any lien recorded against the Property following the Agreement Date with the consent or acquiescence of Village are collectively referred to as the "Consensual Liens" and none of such Consensual Liens shall constitute, be or become Permitted Exceptions. Village shall cause all Consensual Liens to be paid and discharged in full on the Closing and, in the event Village fails to do so, DNA shall have the right to deduct and apply so much of the Purchase Price as is reasonably required to do so; which application, to the extent insufficient to remove such Consensual Liens, shall not relieve Village of the obligation to remit such additional amounts as may be necessary to consummate full removal of such Consensual Liens. The phrase "Permitted Exceptions" shall mean the Agreed Exceptions and those exceptions to title set forth in the Commitment, Title Documents and Survey and accepted or deemed approved by DNA pursuant to the terms hereof, except Consensual Liens as provided above, which shall not constitute Permitted Exceptions.

c. **Agreed Exceptions.** The Parties acknowledge and agree that upon execution of this Agreement, the Parties are not in position to complete **Exhibit "G"**. Accordingly, Village shall provide Commitments and Title Documents to DNA for the Village Property, the Corner Property and the Car Wash Property within thirty (30) days after the execution of this Agreement. DNA shall have ten (10) days following receipt of such Commitment and Title Documents to review the Commitment and Title Documents and to provide to Village in writing a specific list of DNA's Title Objections which materially affect the proposed use and ownership of the Project or otherwise materially affect the underlying value of the same. The provisions of paragraph d of this **Section 15.3** shall apply to Title Objections under this paragraph c.

d. **Cure.** Village shall have the right, but not the obligation for a period of fourteen (14) days after receipt of DNA's Title Objections (the "Cure Period"), to cure (or commit to cure at or prior to Closing) by delivery of written notice thereof to DNA within the Cure Period any or all Title Objections contained in DNA's notices. If any such Title Objections are not cured (or, if reasonably capable of being cured, Village has not committed to cure same at or prior to Closing) within the Cure Period, or if Village sooner elects not to cure such Title Objection by written notice to DNA, DNA shall have until the earlier of the expiration of the Cure Period or five (5) days after the receipt of such written notice within which to give Village written notice that DNA elects either (i) to waive all such uncured objections (in which case the uncured objections shall become Permitted Exceptions); or (ii) to terminate this Agreement. If DNA does not deliver such written notice within the above period, DNA shall be deemed to have waived its objections and all uncured Title Objections shall be Permitted Exceptions (except Consensual Liens, which shall not constitute Permitted Exceptions hereunder. If DNA terminates this Agreement in accordance with the foregoing, this Agreement shall immediately and automatically terminate, and neither Party shall have any further obligations to the other hereunder (except any obligations, which this Agreement provides survive termination, which shall include repurchase of the Property then owned by DNA.

15.4 Closing Deliveries.

a. **Village.** The Closing on the Village Property, Corner Property and Car Wash Property shall occur on or before March 31, 2008, provided all the conditions precedent described in this Agreement have been satisfied, including but not limited to: Village obtaining title to the Property, full execution of this Agreement, adoption of the Final Planned Development Ordinance, and compliance with all applicable provisions of this Agreement. Village agrees to consider a request of DNA that it be allowed to close on the Village Property

and Corner Property earlier than March 31, 2008, provided all the conditions precedent described in this Agreement have been satisfied. Upon the Closing, Village shall deliver or cause to be delivered to DNA, the following with respect to the portion of the Property being conveyed:

- i. **Deed.** Special Warranty Deed, in form and substance reasonably acceptable to DNA, conveying such portion of the Property to DNA (or DNA's Permitted Assignee) free and clear of all liens, claims and encumbrances except for the Permitted Exceptions.
- ii. **Possession.** Exclusive possession of the Property, subject to possessory rights of Restaurant pursuant to **Section 7.3**.
- iii. **Title Policy.** An ALTA Form B Owner's Policy of Title Insurance for the Property, dated as of the Closing, in the amount of the applicable Purchase Price, insuring title in DNA (or DNA's Permitted Assignee) in indefeasible fee simple, subject to no exceptions other than Permitted Exceptions with extended coverage (the "Title Policy"). Village shall pay the additional premium charged for extended coverage, however, DNA shall pay for any endorsements required by DNA or its Lender.
- iv. **Closing Statement.** A Closing Statement conforming to the prorations and other relevant provisions of this Agreement.
- v. **Entity Transfer Certificate.** An Entity Transfer Certification confirming that Village is a "United States Person" within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended.

vi. **Other.** Such other documents and instruments as may be required by the Title Company as necessary to consummate this transaction and to otherwise effect the agreement of the parties hereto and not inconsistent with the terms of this Agreement, including but not limited to: (1) an Affidavit of Title, and (2) an A.L.T.A. Statement.

b. **DNA.** Upon Closing, DNA shall deliver or cause to be delivered to Village the following:

- i. **Closing Statement.** A Closing Statement conforming to the proration and other relevant provisions of this Agreement.
- ii. **Corporate Resolutions/Authorizations.** Such limited liability company or corporate resolutions and authorizations satisfactory to the Title Company evidencing DNA's authority to enter into and consummate this transaction and the acceptance of the conveyance of the Property, pursuant to this Agreement.
- iii. **Other.** Such other documents and instruments as may be required by the Title Company to consummate this transaction and to otherwise effect the agreement of the parties hereto and not inconsistent with the terms of this Agreement.

15.5 Prorations and Adjustments. The following shall be prorated and adjusted between Village and DNA at the Closing, except as otherwise specified:

a. Village will pay the basic premium for the Title Policy and any premiums for extended coverage; one-half of the escrow fee and New York closing fee charged by the Title Company; the costs to prepare the Deed; the costs to obtain, deliver, and record releases of all

liens to be released at Closing; the costs to record all documents to cure Title Objections agreed to be cured by Village; the costs to obtain the Survey; the cost of state and county transfer stamps, if any, and Village's expenses and attorney's fees. DNA will pay one-half of the escrow fee and New York closing fee charged by Title Company; the costs to obtain, deliver, and record all documents other than those to be recorded at Village's expense; the costs of any work required by DNA to have the Survey reflect matters other than those required under this Agreement; the costs to obtain financing of the Purchase Price, including the incremental premium costs of mortgagee's title policies and endorsements and deletions required by DNA or DNA's lender; and DNA's expenses and attorney's fees. All general taxes and assessments, which are due and payable in arrears after any Closing Date, and assessments for improvements completed prior to but payable after such Closing Date, shall be prorated at such Closing based on each Party's period of ownership. Ad valorem real estate taxes for the Property will be prorated at 105% of most current available assessed value, equalization factor and tax rate between DNA and Village as of the Closing. Village's portion of the prorated taxes will be credited to DNA at closing as an adjustment to the Purchase Price. If the assessment(s) for the year of closing and/or prior years are not known as of any Closing Date, the prorations will be based on taxes for the previous tax year. Village will promptly notify DNA of all notices of proposed or final tax valuations and assessments that Village receives after the Contract Date and prior to such Closing. If this sale or DNA's use of the Premises after such Closing results in the assessment of additional taxes for periods prior to Closing, DNA will pay the additional taxes. All taxes due as of such Closing will be paid at such Closing. Such other items that are customarily prorated in transactions of this nature, if any, shall be ratably prorated. For purposes of calculating prorations, DNA shall be deemed to be in title to the applicable portion of the Property on the corresponding Closing Date. All such prorations shall

be made on the basis of the actual number of days of the year which shall have elapsed as of such Closing Date. The amount of the ad valorem real estate tax proration shall be adjusted in cash after such Closing as and when the final tax bill for such period(s) becomes available. Village and DNA agree to cooperate and use their diligent and good faith efforts to make such adjustments no later than thirty (30) days after such information becomes available.

ARTICLE SIXTEEN

EVENTS OF DEFAULT AND REMEDIES.

16.1 DNA and Car Dealer Events of Default. The following shall be Events of Default with respect to this Agreement:

a. If any representation made by DNA or Car Dealer in this Agreement, or in any certificate, notice, demand or request made by a Party hereto, in writing and delivered to the Village pursuant to or in connection with any of said documents, shall prove to be untrue or incorrect in any material respect as of the date made; provided, however, that such default shall constitute an Event of Default only if DNA or Car Dealer, respectively, does not remedy the default, within thirty (30) days after written notice from the Village.

b. Default by DNA or Car Dealer for a period of thirty (30) days after written notice thereof in the performance or breach of any covenant contained in this Agreement concerning the existence, structure or financial condition of DNA or Car Dealer; provided, however, that such default or breach shall not constitute an Event of Default if such default cannot be cured within said thirty (30) days and DNA or Car Dealer, respectively, within said thirty (30) days, initiates and diligently pursues appropriate measures to remedy the default; provided further, however, that such additional period will be limited to an additional thirty (30) days in the event that permitting a longer period for cure would materially threaten or jeopardize the value, TIF Increment Projection or completion of the Project.

c. Default by DNA or Car Dealer in the performance or breach of any covenant, warranty, representation, or obligation contained in this Agreement or in its Toyota Motor Sales USA, Inc. franchise agreement, or Car Dealer's agreement with the Village of Buffalo Grove, which is not cured within thirty (30) days (or such longer period permitted for cure under such franchise agreement) after written notice of such breach; provided, however, that such default shall not constitute an Event of Default if such default cannot be cured within said thirty (30) days (or longer period under the franchise agreement) and the DNA or Car Dealer, respectively, within said initial period for cure initiates and diligently pursues appropriate measures to remedy the default; provided further, however, that such additional period will be limited to an additional sixty (60) days unless permitting a longer period for cure would materially threaten or jeopardize the value, TIF Increment Projection or completion of the Project.

d. The entry of a decree or order for relief by a court having jurisdiction in the premises in respect of DNA or Car Dealer, respectively, in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of DNA or Car Dealer, respectively, for any substantial part of its property, and either ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) consecutive days, or where a plan of reorganization reasonably acceptable to Village is not confirmed within one hundred twenty (120) days after such order or decree.

e. The commencement (i) by DNA or Car Dealer, respectively, of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law; (ii) by any third party or parties of

an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, which is not dismissed within ninety (90) days after filing or with respect to which a plan of reorganization reasonably acceptable to Village has not been confirmed within one hundred twenty (120) days after commencement, or the consent by DNA or Car Dealer, respectively, to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of DNA or Car Dealer, respectively, or of any substantial part of the Property, or the making by any such entity of any assignment for the benefit of creditors or the failure of DNA or Car Dealer, respectively, generally to pay such entity's debts as such debts become due or the taking of any action by DNA or Car Dealer, respectively, in furtherance of any of the foregoing.

f. Failure to have funds to meet DNA or Car Dealer's respective obligations under this Agreement.

g. Failure to renew or extend the LC referenced in Section 9.6. thirty (30) or more days prior to its expiry (in which event the Village may draw the full amount of the LC).

h. Sale, assignment, or transfer of the Project except in accordance with this Agreement.

i. Change in the DNA or Car Dealer (other than to Permitted Transferees).

j. DNA or Car Dealer abandons the Project or the Property. Abandonment shall be deemed to have occurred when work stops on the Property for more than thirty (30) consecutive days for any reason other than Uncontrollable Circumstances.

k. DNA or Car Dealer, respectively, fails to comply with applicable governmental codes and regulations in relation to the construction and maintenance of the buildings contemplated by this Agreement. The maintenance requirement of this provision shall not be

covered by and shall survive any Certificate of Completion or Estoppel Certificate of any kind issued during the term of this Agreement. Notwithstanding anything herein to the contrary, in the event DNA or Car Dealer, respectively, fails to satisfy a "Target Date" as defined in Exhibit "F", such failure shall constitute an Event of Default subject to DNA's or Car Dealer's respective rights to cure as provided hereunder. However in the event the DNA or Car Dealer, respectively, fails to satisfy a "Default Date" as defined in Exhibit "F", Village may immediately draw on the LC, without rights of DNA or Car Dealer to cure.

16.2 Village Events of Default. The following shall be Events of Default with respect to this Agreement:

a. if any material representation made by the Village in this Agreement, or in any certificate, notice, demand or request made by a party hereto, in writing and delivered to DNA or Car Dealer pursuant to or in connection with any of said documents, shall prove to be untrue or incorrect in any material respect as of the date made; provided, however, that such default shall constitute an Event of Default only if such breach materially threatens or jeopardizes the value or completion of the Project and the Village does not remedy the default, within thirty (30) days after written notice from DNA or Car Dealer respectively;

b. default by the Village in the performance or breach of any material covenant contained in this Agreement concerning the existence, structure or financial condition of the Village; provided, however, that such default shall constitute an Event of Default only if such breach materially threatens or jeopardizes the value or completion of the Project and the Village does not initiate within thirty (30) days after written notice from DNA or Car Dealer, respectively, and thereafter diligently pursue appropriate measures to remedy the default;

c. default by the Village in the performance or breach of any material covenant, warranty or obligation contained in this Agreement; provided, however, that such default shall

not constitute an Event of Default if the Village, commences cure within thirty (30) days after written notice from DNA or Car Dealer, respectively, and in any event cures such default within sixty (60) days after such notice, subject to Uncontrollable Circumstances; or

d. failure to have funds to meet the Village's obligations.

16.3 Remedies for Default.

- A. In the event of an Event of Default hereunder, the non-defaulting party may institute such proceedings as may be necessary or desirable in its opinion to cure or remedy such default or breach, including, but not limited to, proceedings to compel specific performance of the defaulting party's obligations under this Agreement.
- B. In the event Village shall have proceeded to enforce its rights under this Agreement and such proceedings shall have been discontinued or abandoned for any reason, then, and in each such case, DNA, Car Dealer and Village shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of DNA, Car Dealer and the Village shall continue as though no such proceedings had been taken.
- C. In the case of an Event of Default by DNA or Car Dealer, in addition to recourse under the LC and Guaranties and any other remedies at law or in equity, the Village shall be relieved of its obligations under this Agreement, including but not limited to its obligations to accord Car Dealer "exclusive" developer status as set forth in **Article Five**.
- D. In the event a "Default Date" as defined in Exhibit "F" exists, Village may immediately draw on the LC, without rights of DNA or Car Dealer to cure.

16.4 Agreement to Pay Attorneys' Fees and Expenses. In the event an Event of Default is not cured within the applicable cure periods and the Parties employ an attorney or attorneys or incur other expenses for the collection of the payments due under this Agreement or the enforcement of performance or observance of any obligation or agreement herein contained, the

non-prevailing party shall pay, on demand, the prevailing party's reasonable fees of such attorneys and such other reasonable expenses in connection with such enforcement action. The Village's duty to pay shall be subject to the Illinois Local Government Prompt Payment Act.

16.5 No Waiver by Delay or Otherwise. Any delay by either party in instituting or prosecuting any actions or proceedings or otherwise asserting its rights under this Agreement shall not operate to act as a waiver of such rights or to deprive it of or limit such rights in any way (it being the intent of this provision that neither party should be deprived of or limited in the exercise of the remedies provided in this Agreement because of concepts of waiver, laches or otherwise); nor shall any waiver in fact made with respect to any specific Event of Default be considered or treated as a waiver of the rights by the waiving party of any future Event of Default hereunder, except to the extent specifically waived in writing. No waiver made with respect to the performance, nor the manner or time thereof, of any obligation or any condition under the Agreement shall be considered a waiver of any rights except if expressly waived in writing.

16.6 Rights and Remedies Cumulative. The rights and remedies of the Parties to this Agreement, whether provided by law or by this Agreement, shall be cumulative, and the exercise of any one or more of such remedies shall not preclude the exercise by such Party, at that time or different times, of any other such remedies for the same Event of Default.

ARTICLE SEVENTEEN

EQUAL EMPLOYMENT OPPORTUNITY

17.1 No Discrimination. DNA and Car Dealer will not discriminate against any employee or applicant for employment on the basis of race, color, religion, sex or national origin. To the fullest extent permitted by law, DNA and Car Dealer will take affirmative action to ensure that applicants are employed and treated during employment, without regard to their race, color,

religion, sex or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, transfer, recruitment, recruitment advertising, layoff, termination, rate of pay or other forms of compensation and selection for training, including apprenticeship. DNA and Car Dealer agree to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Village setting forth the provisions of this nondiscrimination clause.

17.2 Advertisements. DNA and Car Dealer will, in all solicitations or advertisements for employees placed by or on behalf of DNA and/or Car Dealer, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

17.3 Contractors. Any contracts made by DNA and/or Car Dealer with any general contractor, agent, employee, independent contractor or any other Person in connection with Project shall contain language similar to that recited in **Sections 17.1 and 17.2** above.

ARTICLE EIGHTEEN

MISCELLANEOUS PROVISIONS.

18.1 Cancellation. In the event prior to Closing, DNA, Car Dealer or the Village shall be prohibited, in any material respect, from performing covenants and agreements or enjoying the rights and privileges herein contained, or contained in the Redevelopment Plan, including Car Dealer's duty to build the Project, by any Uncontrollable Circumstance, or in the event that all or any part of the Act or any ordinance adopted by the Village in connection with the Project shall be declared invalid or unconstitutional, in whole or in part, by a final decision of a court of competent jurisdiction and such declaration shall materially affect the Redevelopment Plan or the covenants and agreements or rights and privileges of DNA, Car Dealer or the Village, or if the Village is unsuccessful in any eminent domain or Quick Take Condemnation proceedings

initiated pursuant to this Agreement, then and in any such event, the Party so materially affected may, at its election, cancel or terminate this Agreement in whole or in part (with respect to that portion of the Project materially affected) by giving written notice thereof to the other prior to Closing. If the Village terminates this Agreement pursuant to this **Section 18.1**, to the extent it is then appropriate, the Village, at its option, may also terminate its duties, obligation and liability under all or any related documents and agreements. In the event of any termination/cancellation, the LC shall be released to Car Dealer subject to the terms of this Agreement.

18.2 Notices. All notices, certificates, approvals, consents or other communications desired or required to be given hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service, (b) overnight courier, or (c) registered or certified first class mail, postage prepaid, return receipt requested.

If to Village:	Village of Palatine 200 E Wood Street Palatine, IL 60067 Attn: Village Clerk
With a copy to:	Village of Palatine 200 E Wood Street Palatine, IL 60067 Attn: Village Manager
With a copy to:	Schain, Burney, Ross & Citron, Ltd. 222 N. LaSalle Street, Suite 1910 Chicago, IL 60601 Attn: Robert C. Kenny
If to DNA or Car Dealer:	Arlington Automotive Group, Inc. 935 West Dundee Road Buffalo Grove, IL 60089 Attn: Gary N. Vicari
With a copy to:	Steven M. Sack, Esq. 110 East 59th Street, 19th Floor

New York, New York 10022

With a copy to: Meltzer, Purtill & Stelle, LLC
1515 East Woodfield Road, Second Floor
Schaumburg, IL 60173
Attn: Mark R. Raymond

The Parties, by notice hereunder, may designate any further or different addresses to which subsequent notices, certificates, approvals, consents or other communications shall be sent. Any notice, demand or request sent pursuant to clause (a) hereof shall be deemed received upon such personal service or upon dispatch by electronic means. Any notice, demand or request sent pursuant to clause (b) shall be deemed received on the day immediately following deposit with the overnight courier, and any notices, demands or requests sent pursuant to clause (c) shall be deemed received forty-eight (48) hours following deposit in the mail.

18.3 Time of the Essence. Time is of the essence of this Agreement.

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

18.5 Recordation of Agreement. The Parties agree to record this Agreement in the Recorder's Office of Cook County.

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

18.7 Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

18.8 Entire Contract and Amendments. This Agreement (together with the exhibits attached hereto) is the entire contract and a full integration of the Agreement between the Village, DNA and Car Dealer relating to the subject matter hereof, supersedes all prior and contemporaneous negotiations, understandings and agreements, written or oral, between the Village, DNA and Car Dealer, and may not be modified or amended except by a written instrument executed by the Parties hereto.

18.9 Third Parties. Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any other persons other than the Village, DNA and Car Dealer, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to either the Village, DNA or Car Dealer, nor shall any provision give any third parties any rights of subrogation or action over or against either the Village, DNA or Car Dealer. This Agreement is not intended to and does not create any third party beneficiary rights whatsoever.

18.10 Waiver. Any party to this Agreement may elect to waive any right or remedy it may enjoy hereunder, provided that no such waiver shall be deemed to exist unless such waiver is in writing. No such waiver shall obligate the waiver of any other right or remedy hereunder, or shall be deemed to constitute a waiver of other rights and remedies provided pursuant to this Agreement.

18.11 Cooperation and Further Assurances. The Village, DNA and Car Dealer each covenants and agrees that each will do, execute, acknowledge and deliver or cause to be done, executed and delivered, such agreements, instruments and documents supplemental hereto and such further acts, instruments, pledges and transfers as may be reasonably required for the better clarifying, assuring, mortgaging, conveying, transferring, pledging, assigning and confirming unto the Village, DNA or Car Dealer or other appropriate persons all and singular

the rights, property and revenues covenanted, agreed, conveyed, assigned, transferred and pledged under or in respect of this Agreement.

18.12 Successors in Interest. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective authorized successors and assigns; provided, however, that, except as provided in **Section 10.10** and **Section 10.11** hereof, neither DNA nor Car Dealer may assign its rights under this Agreement without the express written approval of the Village. Notwithstanding anything herein to the contrary, the Village may not delegate its obligation hereunder or except as provided herein, transfer any interest in the Village Property without the express written approval of DNA and Car Dealer.

18.13 No Joint Venture, Agency or Partnership Created. Nothing in this Agreement, or any actions of the Parties to this Agreement, shall be construed by the Parties or any third person to create the relationship of a partnership, agency or joint venture between or among such parties.

18.14 No Personal Liability of Officials of Village or Car Dealer. No covenant or agreement contained in this Agreement shall be deemed to be the covenant or agreement of the Mayor, Village Council member, Village Manager, any official, officer, partner, member, director, agent, employee or attorney of the Village or Car Dealer, in his or her individual capacity, and no official, officer, partner, member, director, agent, employee or attorney of the Village, DNA or Car Dealer shall be liable personally under this Agreement or be subject to any personal liability or accountability by reason of or in connection with or arising out of the execution, delivery and performance of this Agreement, or any failure in that connection.

18.15 Repealer. To the extent that any ordinance, resolution, rule, order or provision of the Village's code of ordinances, or any part thereof, is in conflict with the provisions of this Agreement, the provisions of this Agreement shall be controlling, to the extent lawful.

18.16 Term. This Agreement shall remain in full force and effect for twenty-three (23) years from the date the Rand Road Redevelopment Project Area was created, unless the Redevelopment Plan with respect to the Project is extended or until termination of the Rand Road Redevelopment Project Area or until otherwise terminated pursuant to the terms of this Agreement.

18.17 Estoppel Certificates. Each of the parties hereto agrees to provide the other, upon not less than ten (10) business days prior request, a certificate ("Estoppel Certificate") certifying that this Agreement is in full force and effect (unless such is not the case, in which such parties shall specify the basis for such claim), that the requesting party is not in default of any term, provision or condition of this Agreement beyond any applicable notice and cure provision (or specifying each such claimed default) and certifying such other matters reasonably requested by the requesting party.

18.18 Municipal Limitations. All municipal commitments are limited to the extent required by law.

18.19 Prevailing Wage Act Compliance. Prevailing Wages. DNA and Car Dealer acknowledge that construction and installation for municipal infrastructure in connection with this Agreement requires compliance with the Prevailing Wage Law. Under the Prevailing Wage Act, Car Dealer shall require that contractors and sub-contractors make available upon reasonable request from the Village, but not more often than twice a year, certified payroll to the Village. These records shall be kept by the Village for three (3) years and are subject to review through the Freedom of Information Act (FOIA), provided that for purposes of public review, such records would not include an employee's address or social security number, and Car Dealer's agreements with contractors and subcontractors shall so comply.

ARTICLE NINETEEN

EFFECTIVENESS

The Effective Date for this Agreement shall be the day on which this Agreement is fully executed pursuant to a duly enacted Village ordinance authorizing the execution and adoption of this Agreement. DNA and Car Dealer shall execute this Agreement not later than twenty-one (21) days after Village Council authorization of execution of this Agreement or else this Agreement will be deemed void.

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

VILLAGE OF PALATINE, an Illinois
municipal corporation

By: _____

Its: Mayor

ATTEST:

By: _____

Its: Village Clerk

CAR DEALER:

ARLINGTON AUTOMOTIVE GROUP, INC.

By: _____

Name: _____

Its: _____

DNA:

DNA REALTY, INC.

By: _____

Name: _____

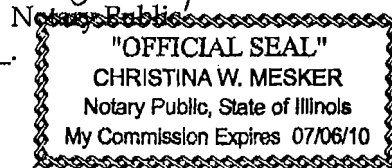
Its: _____

STATE OF ILLINOIS)
) SS
COUNTY OF Cook)

I, Christina W. Mesker, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Gary Vicari, President of Arlington Automotive Group, Inc., an Illinois corporation, who is 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 and delivered the said instrument as his own free and voluntary act as said President and as the free and voluntary act of said corporation for the uses and purposes therein set forth.
GIVEN under my hand and Notarial Seal this 11th day of MAY, 2007.

Christina W. Mesker

My commission expires 7-6-2010



STATE OF ILLINOIS)
) SS
COUNTY OF Cook)

I, Christina W. Mesker, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Gary Vicari, President of DNA Realty Inc., an Illinois corporation, who is 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 and delivered the said instrument as his own free and voluntary act as said President and as the free and voluntary act of said corporation for the uses and purposes therein set forth.
GIVEN under my hand and Notarial Seal this 11th day of MAY, 2007.

Christina W. Mesker

My commission expires 7-6-2010

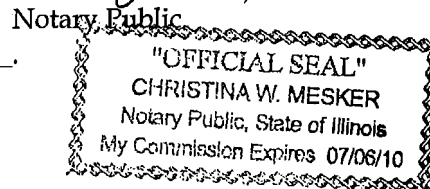
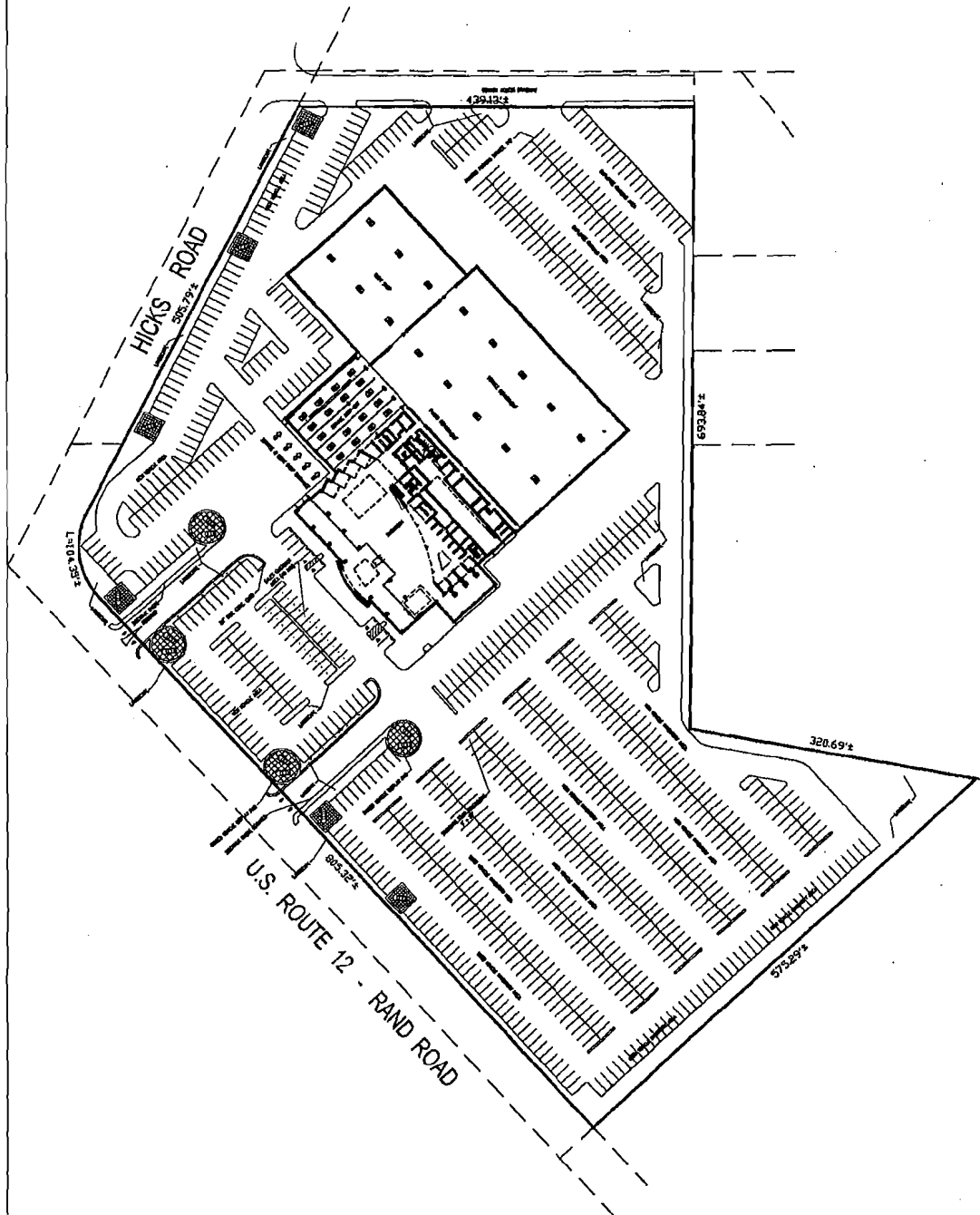
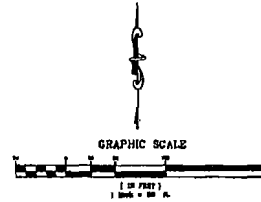


EXHIBIT A PRELIMINARY PLANS
EXHIBIT B LEGAL DESCRIPTION OF PROPERTY
EXHIBIT C LICENSE AGREEMENT
EXHIBIT D TOYOTA GUIDELINES
EXHIBIT E OFF-SITE IMPROVEMENTS
EXHIBIT F DEVELOPMENT SCHEDULE
EXHIBIT G PERMITTED EXCEPTIONS

EXHIBIT " A "

— CONCEPTUAL SITE PLAN —

PALATINE TOYOTA



W.C. DOLAND ENGINEERING, INC.
- CIVIL ENGINEERING - LAND SURVEYING - LAND PLANNING -
334 EAST COLFAX STREET, UNIT C1
PALATINE, ILLINOIS 60067
(847) 981-5000
(847) 984-3427 FAX

MAY 1, 2007

Exhibit "B"

Page 1 of 2

The Property consists of the following:

PIN #:

02-02-203-035
02-02-203-036
02-02-203-009
02-02-203-010
02-02-203-011
02-02-203-012
02-02-203-013
02-02-203-014
02-02-203-020
02-02-203-021
02-02-203-022
02-02-205-018

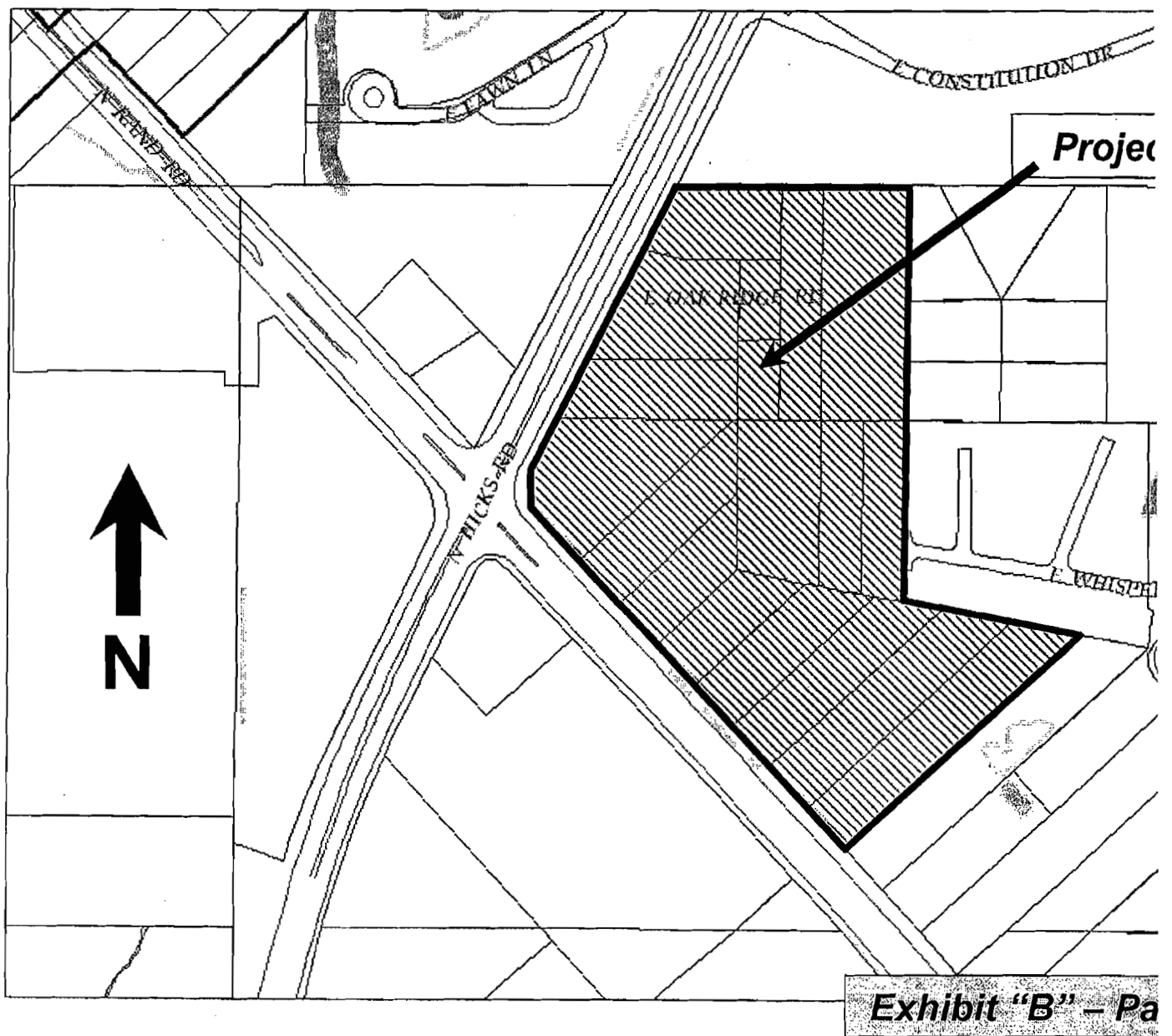


Exhibit "C"

License Agreement

This LICENSE AGREEMENT ("Agreement") is made as of this 11 day of May, 2007, by and between VILLAGE OF PALATINE, an Illinois municipal home rule corporation ("Village"), ARLINGTON AUTOMOTIVE GROUP, Inc., an Illinois Corporation ("Car Dealer") and DNA Realty, Inc., an Illinois corporation ("DNA Realty"). Hereinafter, Car Dealer and DNA Realty may be collectively referred to as "Licensees".

The following recitals of fact are a material part of this Agreement.

A. Village is a home rule unit of government in accordance with Article VII, Section 6, of the Constitution of the State of Illinois, 1970;

B. Village is the owner of a certain parcel of land in the Village of Palatine, County of Cook and State of Illinois, graphically depicted on the Area Plan attached hereto and made a part hereof as Exhibit "A" ("the Property").

C. Village, pursuant to a redevelopment agreement executed between Village and Licensees (the "Redevelopment Agreement"), has agreed to purchase the Corner Property (as defined in the Redevelopment Agreement). At such time as Village does take legal title to the Corner Property, the Corner Property shall be considered to be a part of the Property for purposes of this License Agreement, subject to the possessory rights of the Restaurant (as defined in the Redevelopment Agreement), which preclude Village granting a license hereunder with respect to the Restaurant site within the Corner Property.

D. Village, pursuant to the Redevelopment Agreement executed between Village and Licensees, has agreed to purchase the Car Wash Property (as defined in the Redevelopment Agreement). At such time as Village does take legal title to the Corner Property, the Corner Property shall be considered to be a part of the Property for purposes of this License Agreement.

E. Pursuant to the Redevelopment Agreement, DNA Realty is the designated contract purchaser of the Property and shall acquire the Property pursuant to the terms of the Redevelopment Agreement.

F. Village wishes to grant, and Licensees wishes to receive, a non-exclusive license to perform environmental remediation, soil testing and other due diligence all as set forth in the Redevelopment Agreement.

NOW, THEREFORE, in consideration of the foregoing, the mutual agreement of the parties hereto and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Grant of License for Due Diligence Work on the Property. Village hereby grants to Licensees, a non-exclusive license to perform environmental remediation, soil testing and other due diligence on that portion of the Property owned by the Village from time to time.

2. Term of License. The license granted hereunder shall commence on the date hereof and shall terminate upon the earlier of (a) the date that DNA Realty acquires fee title to the Property; (b) the date an Event of Default by DNA Realty or Car Dealer under the Redevelopment Agreement is not timely cured pursuant to the Redevelopment Agreement; or c) upon a breach of the terms hereof. Upon the occurrence of any of the events described in the preceding sentence, this License shall immediately expire and Licensees shall restore the Property to the condition prior to Licensee performing any work on the Property under this Agreement. Upon termination of this License for any reason Licensee shall restore the Property to the condition prior to Licensees performing any work on the Property under this Agreement.

3. License Only. This Agreement creates a license only with respect to Paragraphs 1 and 2, hereof and Licensees acknowledge that Licensees do not and shall not claim at any time any interest or estate of any kind or extent whatsoever in the Property by virtue of such license or Licensees' use of the Property pursuant hereto.

4. Reservation of Rights by Village. The right to use the Property is expressly reserved by Village, its successors, grantees, invitees and assigns subject to the rights of the Restaurant (as defined in the Redevelopment Agreement) over a portion of the Corner Property. In addition, and not by limitation but by way of example, Village, its successors, grantees, invitees and assigns, reserve the right from time to time to grant additional licenses upon the Property, provided that such licenses do not unreasonably interfere with Licensees' use of the Property pursuant to the terms hereof.

5. No Transfer by Licensee. Licensee shall not transfer any of its rights hereunder without the prior written consent of Village, except as contemplated in the Redevelopment Agreement. Any such assignment made without the prior written consent of Village shall be null and void and of no further force or effect and shall entitle Village to terminate this Agreement.

6. Indemnity. Except for damage caused by the negligence or intentional conduct of Village or its successors, Licensees for and on behalf of themselves and all of their respective successors, grantees, invitees and assigns, assume sole and entire responsibility for any and all loss of life, injury to persons or damage to property (wherever such property may be located) that may be sustained directly or indirectly by Licensees, their respective successors, grantees, invitees and assigns and all of their officers, directors, employees, representatives and agents. Further, and except for damage caused by Village or its successors, Licensees, for themselves and their respective successors, grantees, invitees and assigns, and for those claiming by, through or under any of them, hereby release Village, its members, agents and employees (collectively, the "Indemnitees") from any and all claims or demands for loss, liability, expense, cost or damage (whether to person or property), including, without limitation, reasonable attorneys' fees and litigation costs incurred by the Indemnitees in connection therewith, that may arise from the work performed on the Property by Licensees, their respective successors, grantees, invitees and assigns, and all of their officers, directors, employees, representatives and

agents. Except for damage caused by Village or its successors, Licensees hereby agree to indemnify, defend and hold harmless the Indemnitees from and against any and all liability, loss, claim, demand, lien, damage, penalty, fine, interest, cost and expense (including without limitation, reasonable attorneys' fees and litigation costs) incurred by the Indemnitees for injuries to persons (including, without limitation, loss of life) and for damage, destruction or theft of property which is directly or indirectly due to the activity, work or thing done, permitted or suffered by Licensees on or about the Property or for any act or omission of Licensees, their respective successors, grantees, invitees and assigns and any of their officers, directors, employees, representatives and agents. Licensees shall cooperate with Village in the defense of any such claims, demands or action, including, without limitation, the employment, at the sole expense of Licensees, of legal counsel satisfactory to Village.

7. Insurance. Licensees, at their sole cost and expense, shall purchase and keep in full force and effect during the term hereof, Commercial General Public Liability Insurance (including, but not limited to, contractual liability insurance covering, without limitation, Licensee's indemnification obligations hereunder) in an amount not less than Two Million Dollars (\$2,000,000.00) per occurrence whether involving bodily injury liability (or death resulting therefrom) or property damage liability or a combination thereof with a minimum aggregate limit of Five Million Dollars (\$2,000,000.00) and provided that same shall not be cancelled without thirty (30) days prior notice to Village.

Licensees, concurrently with execution hereof shall deposit with Village, insurance certificates evidencing the foregoing coverages, together with satisfactory evidence of payment of the premiums thereon. The deposits required by this Paragraph are conditions precedent to Licensees' rights under this license and this Agreement. All such insurance shall name the Indemnitees as additional insureds. Licensees shall deliver said insurance certificates to the office of the Village Manager of the Village of Palatine, at 200 East Wood Street, Palatine, Illinois, 60067, or as otherwise directed by Village from time to time. Licensees shall not enter the Property under this Agreement until such insurance certificate is delivered to and determined to be acceptable to Village.

8. No Liens. Licensees shall not permit any lien to be filed against any portion of the Property or any improvements thereon for any labor or materials in connection with work of any character performed or claimed to have been performed on the Property at the direction or sufferance of Licensee.

In the event any such lien is filed against any portion of the Property or any improvements thereon, Licensees shall remove or cause to be removed such lien within thirty (30) days of written notice from Village. In the event Licensees do not remove or cause to be removed such lien within said thirty (30) day period, Village shall have the right, but not the obligation, to cause such lien to be released and Licensees shall pay on demand all of Village's costs in connection therewith, together with interest thereon at the interest rate set forth in Paragraph 10 hereof, accruing from and after the date of such demand until Village's receipt of full payment therefor. This provision shall survive the termination of this License.

9. Code Violation. Licensees shall not permit any code violation to be filed against the Property or any improvements as a result of Licensees' actions or activities.

In the event Licensees receives notice of such a code violation, either from Village or its successors, Licensees shall remove or cause to be removed such violation within the time specified in said code violation notice. In the event Licensees do not remove or cause to be removed such code violation within said time period, Village shall have the right, but not the obligation, to cause such violation removed and Licensees shall pay on demand all of Village's costs in connection therewith, together with interest thereon at the interest rate set forth in Paragraph 10 hereof, accruing from and after the date of such demand until Village's receipt of full payment therefor.

10. Breach by Licensee. If Licensees breach any provision in this Agreement and fails to cure any such breach within ten (10) days after written notice thereof, in addition to any other right or remedy available at law or in equity, Village shall have the right, but not the obligation, to cure any such breach and Licensees agree to reimburse Village for the cost thereof upon demand, together with interest accruing thereon at an annual rate of interest equal to twelve percent (12%) from and after the date of Village's demand therefor until Village's receipt of full payment therefor.

11. No Warranty; Integration. Village hereby makes and has made no representations, statements, warranties or agreements to Licensees in or in connection with this Agreement or the Property (except as provided in the Redevelopment Agreement). This Agreement embodies the entire understanding of the parties hereto, and there are no further or other agreements or understanding, written or oral, in effect between the parties relating to the subject matter hereof.

12. Notices. All notices and other communications given pursuant to this Agreement shall be in writing and shall be deemed properly served if delivered in person to the party to whom it is addressed or on the third (3rd) day after deposit in the U.S. mail as registered or certified mail, return receipt requested, postage prepaid or sent by facsimile transmission, as follows:

If to Village:

Village of Palatine
200 East Wood Street
Palatine, Illinois 60067
Attention: Village Manager
Fax: (847) 359-9094

With copies to:

Schain, Burney, Ross & Citron, Ltd.
222 North LaSalle Street, Suite 1910
Chicago, Illinois 60601
Attention: Robert C. Kenny
And Robert C. Kenny
Fax: (312) 332-4514

If to Licensees:

DNA Realty, Inc.
Arlington Automotive Group, Inc.
935 W. Dundee Road
Buffalo Grove, IL 60089
Attention: Gary Vicari
Fax: (847) 394-5196

With copies to:

Meltzer, Purtill & Stelle, LLC
1515 East Woodfield Road, Second Floor
Schaumburg, IL 60173
Attn: Mark R. Raymond
And Mark R. Raymond
Fax: (847) 330-1231

13. Litigation Fees. In the event either party shall use legal counsel to enforce this Agreement, the non-prevailing party shall pay the legal fees of the prevailing party.

14. Assignment. No party shall delegate or assign this Agreement or any rights or duties hereunder (including by the merger or consolidation of a party with any third person) without the prior, written consent of the other. This Agreement shall be binding upon and shall inure to the benefit of Village and the Licensees and the respective successors and permitted assigns of each upon execution hereof by Village and the Licensees. Two (2) duly executed duplicate originals of this Agreement shall be provided to each party. This Agreement creates no rights as a third party beneficiary or otherwise in any person not a party.

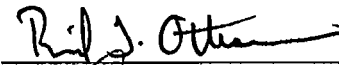
15. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall together constitute one and the same instrument.

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

VILLAGE:

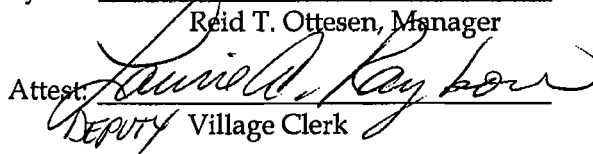
VILLAGE OF PALATINE,
an Illinois municipal home rule corporation

By:




Reid T. Ottesen, Manager

Attest:


Deputy Village Clerk

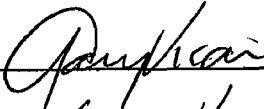
LICENSEE:

ARLINGTON AUTOMOTIVE GROUP, INC.
an Illinois corporation

By: 
Printed Name: GARY V. KAVAN
Title: President

LICENSEE:

DNA Realty, Inc.,
an Illinois corporation

By: 
Printed Name: GARY V. KAVAN
Title: President

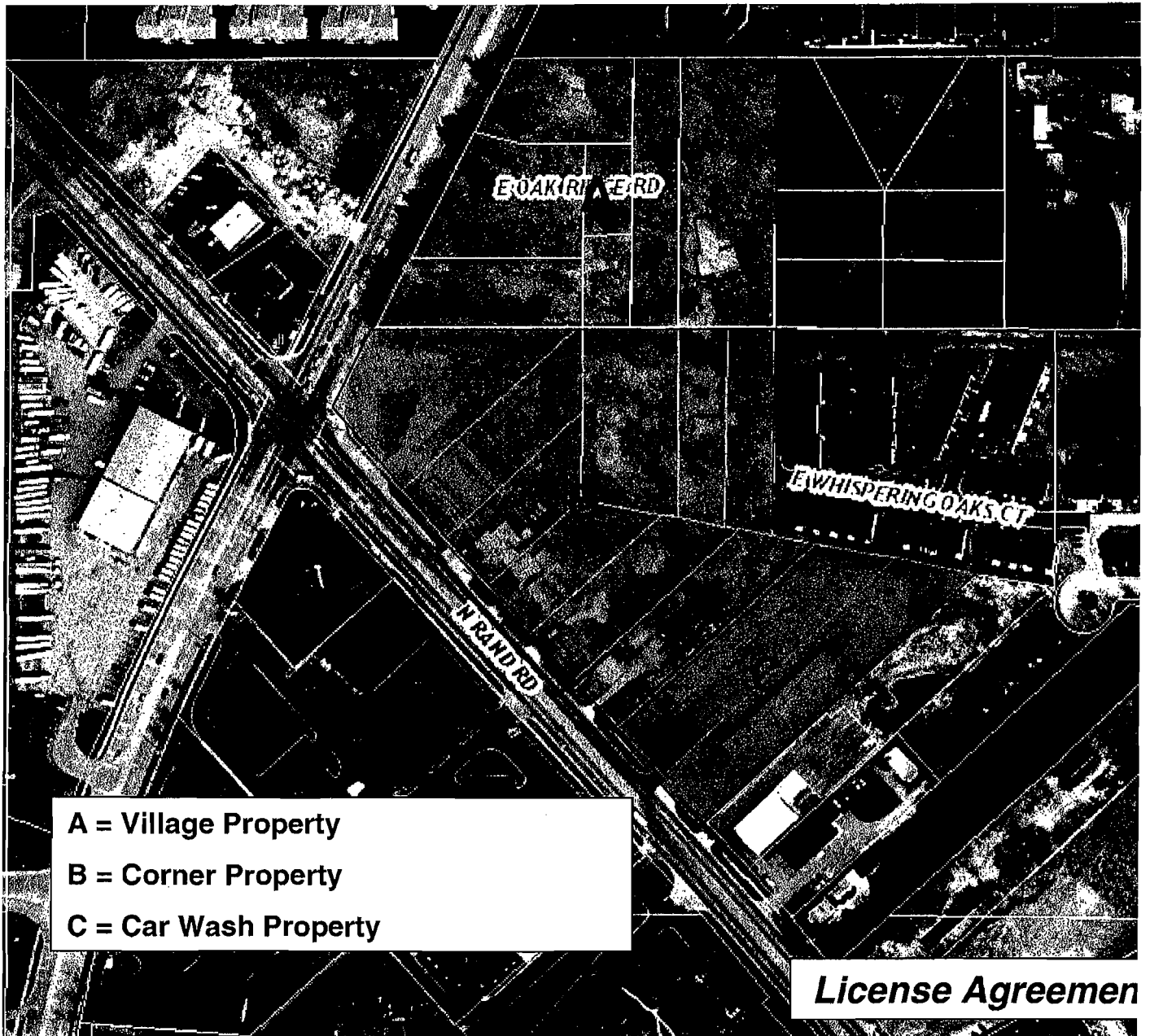


Exhibit "D"



User Defined Facility Standards

Primary Locations	Use	Land	Building	Stalls
ARLINGTON TOYOTA	Primary	n/a	n/a	n/a
Other Locations				
None		n/a	n/a	n/a
		n/a	n/a	n/a
		n/a	n/a	n/a

Minimum Required (1)	Total Adjusted Land
368,256 sqft 8.5 acre	
73,945 sqft	Total Building
Toyota = 59	Service Stalls

12102 Arlington Toyota
Rand & Hicks Rd.
Palatine
IL, 60089
Exclusive
Chicago

Minimum Standard Inputs
Data Grown to 2010
2006 Toyota Sales = 2,286
2006 100% Sales Eff = 2,424
Proj Toyota 7Yr UIO = 23,430
Toyota Sales PG = 2,807

2012 Vision Inputs
Data Grown to 2012
2006 Toyota Sales = 2,286
2006 100% Sales Eff = 2,424
Proj Toyota 7Yr UIO = 25,689
Toyota Sales PG = 3,234

	Actual Facility *	Recommended Guideline	Variance
Sales/Administration Guidelines			
Interior Vehicle Display		2,100 sqft, 8 units	
Sales Office		5,480 sqft	
Other Office & Admin		3,040 sqft	
Total		10,630 sqft	
Parts Department Guidelines			
Parts Storage		9,440 sqft	
Retail Parts		800 sqft	
Other Parts		750 sqft	
Total		11,090 sqft	
Service Department Guidelines			
Required Service Stalls		30,975 sqft, 59 stalls	
Enclosed Write-Up Area		5,500 sqft, 12 ASMs	
Customer Lounge		1,380 sqft	
Other Service		3,090 sqft	
Total		40,945 sqft	
Parking Spaces Guidelines			
New Vehicle		108,410 sqft, 370 units	
Used Vehicle		48,345 sqft, 165 units	
Customer(Sales/Service/Parts)		49,810 sqft, 170 units	
Employee		26,370 sqft, 90 units	
Total		232,935 sqft, 795 units	
MEMO: Building Parking (2)			
Total Building & Land Calculations			
Image USA II Building Flow & Circulation		11,280 sqft	
Total Building		73,945 sqft	
Total Landscape & Driveway		61,376 sqft 1.4 acre	
Total Usable Land (3)		368,256 sqft 8.5 acre	
Total Adjusted Land (4)		368,256 sqft 8.5 acre	

Reviewed By: (Dealer)

Date:

Reviewed By: (Region/PD)

USER COMMENT: Arlington relo to Palatine - Move 1 tract

(1) Minimum Required includes only Land, Building, and Stalls and are the only requirements used for Renewals, Buy/Sells and Facility Actions. These figures are estimates based on sales and L

(2) Building Parking includes all rooftop, basement, and structure parking (Excluding ground level parking)

(3) Total Usable Land includes all properties and buildings, and assumes one story buildings.

(4) Total Adjusted Land includes Building Parking

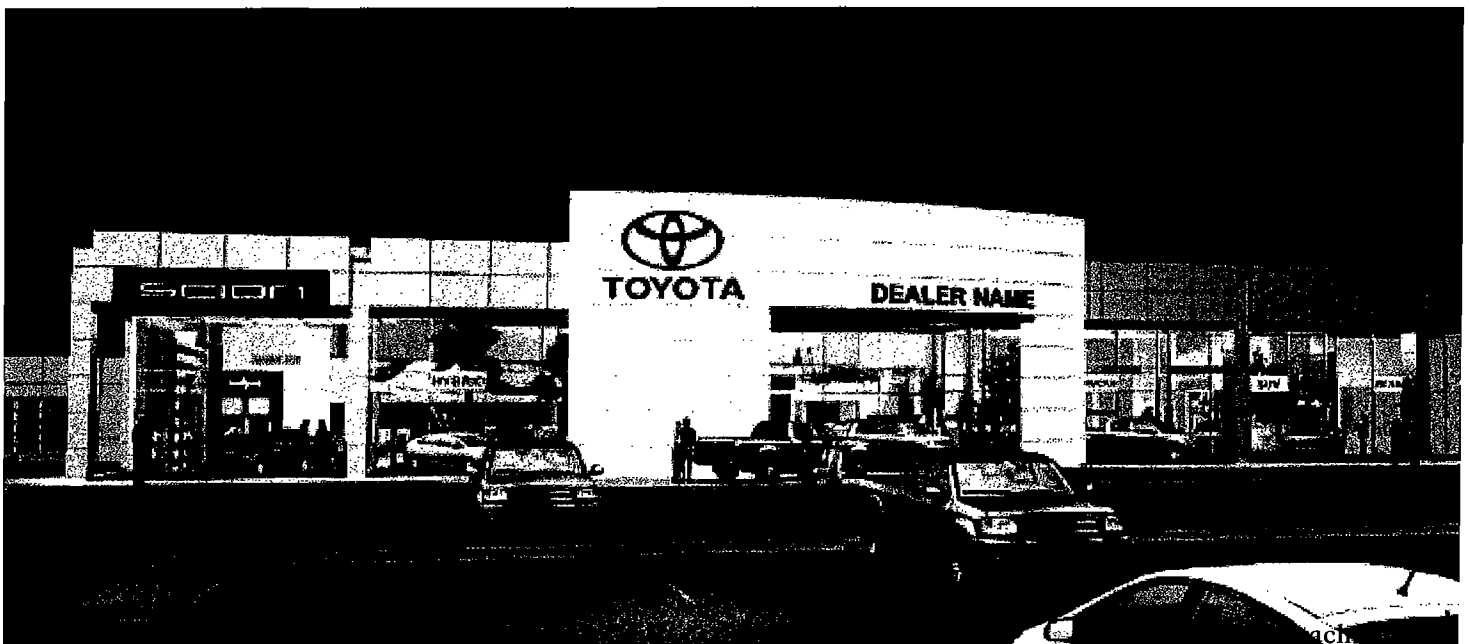
4/5/2007

* Value was changed by user

Based on Scenario: Arlington Pau



Image USA II

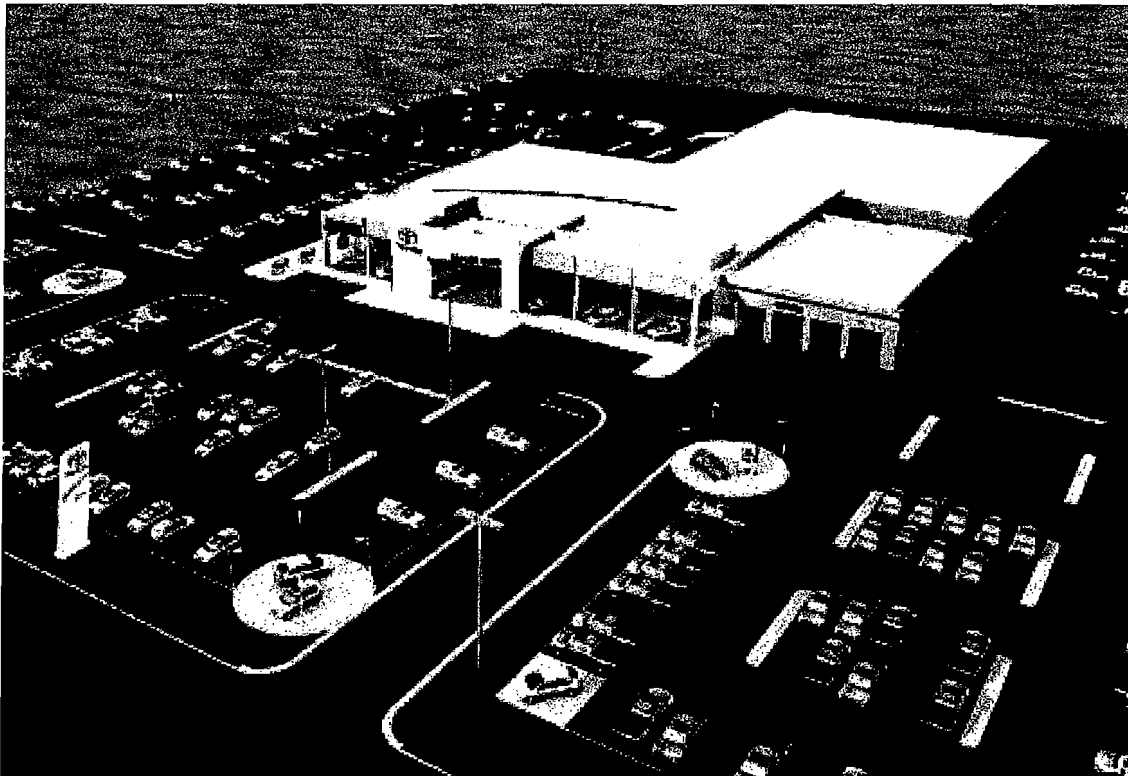


Program Overview

Toyota's Image USA II is an entirely new retail automotive experience. The program integrates Toyota's diverse product line under a brand umbrella, satisfying the needs of customers and dealers alike. The new design expresses Toyota's core values of Quality, Dependability and Reliability (QDR), and brings them to life throughout the showroom experience. QDR is expressed meaningfully and practically via environment, space, flow and the spectrum of customer services.

This new retail facility was created to demonstrate a clearer, more consistent picture of what the Toyota brand represents. The facility was developed through ongoing communication

with the Toyota Dealer Advisory Group, the Toyota National Dealer Council and individual dealers. Additionally it was evaluated by target customers to make sure it satisfied their needs and expectations. The result is a comprehensive design, which brings comfort, warmth, innovation and authenticity to the Toyota selling, buying and service experience. Image USA II is not just about a new exterior dress or new signage. It is more holistic, addressing every aspect of dealership design to redefine and improve the customer experience for the lot, showroom, and sales and service processes.



Dealership Exteriors

The exterior design of Toyota's Image USA II establishes a highly recognizable signature for the Toyota brand, the dealer and the Toyota product lines. The Toyota trademark in red creates a dominant, tasteful impression that is recognizable from a significant distance. The dealership is clad with light grey metal panels. The showroom entrance is clearly identified with a bold architectural form of illuminated glass. This entryway creates a courtyard, an appealing transition area for customers as well as a new product display zone. The courtyard facilitates clear sight lines into the showroom, offering an engaging preview for customers.

The exterior architecture provides a contemporary retail experience with clearly signed product showrooms. Scion is distinctively recognizable, offering a clear, separate entrance for that unique customer.

Careful exterior material choices create a distinctive look, and offer see-through visibility to support the needs of dealership staff and customers. The exterior design approach for the Image USA II program is flexible enough to accommodate the needs of new builds, as well as dealership renovations.

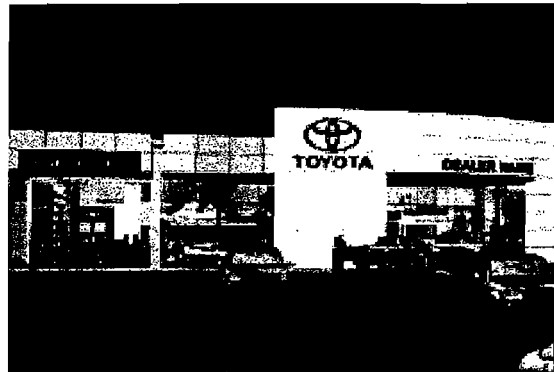


VIEW FROM CUSTOMER PARKING





ENTRY COURTYARD



EVENING VIEW



SERVICE ENTRY



OUTDOOR VEHICLE DISPLAY ALONG COLONNADE



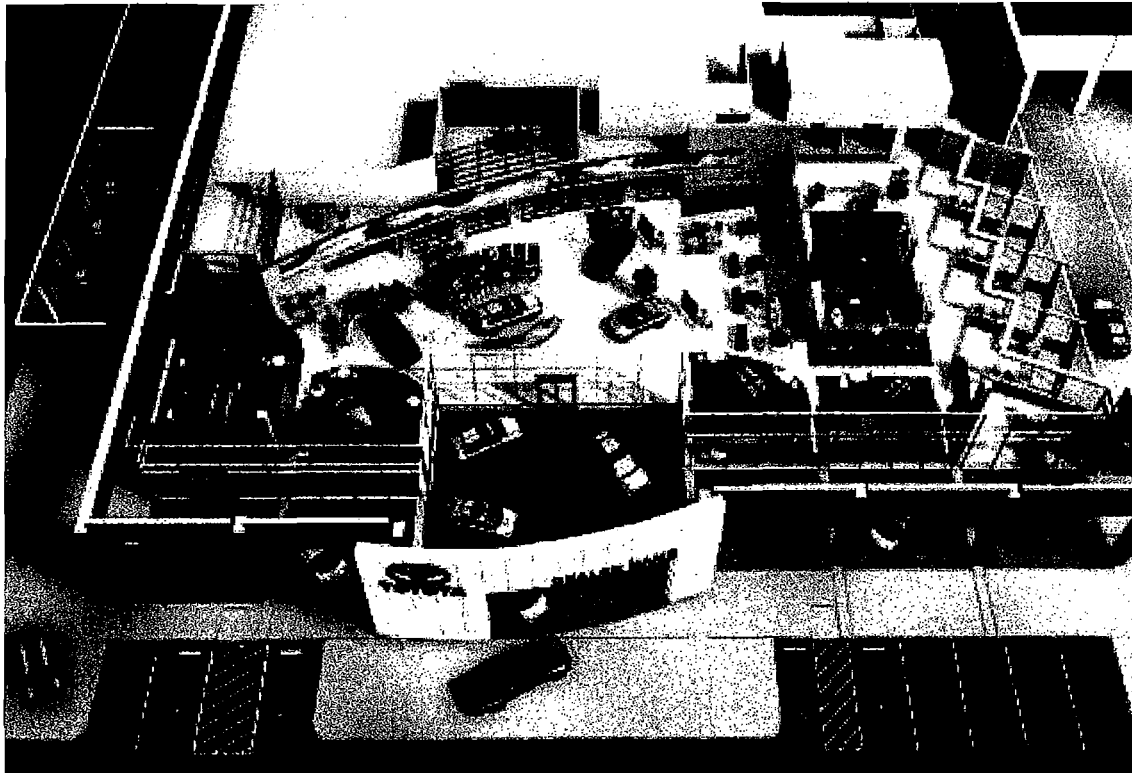
Dealership Interiors

The showroom interior is designed to offer customers a series of logical, engaging and comfortable interaction areas within the dealership. Each area is designed to make spending time at the dealership satisfying and worthwhile. Dealer and consumer research was utilized to ensure that each of these areas has a relevant purpose in the design.

Overall, the new interior approach demonstrates the breadth of Toyota's product line. Simultaneously, it allows for the display of and education about the unique family of products via individual showrooms. Waiting areas are shared for sales and service, offering a consistently

comfortable experience for all customers. A new car delivery area brings an added level of depth and quality to the car-delivery experience. This dedicated delivery area enriches the potential for relationship-building between sales staff and customers.

Drawing inspiration from residential design for interior materials, customers feel more comfortable and experience a warmer, more welcoming environment.



SHOWROOM LAYOUT

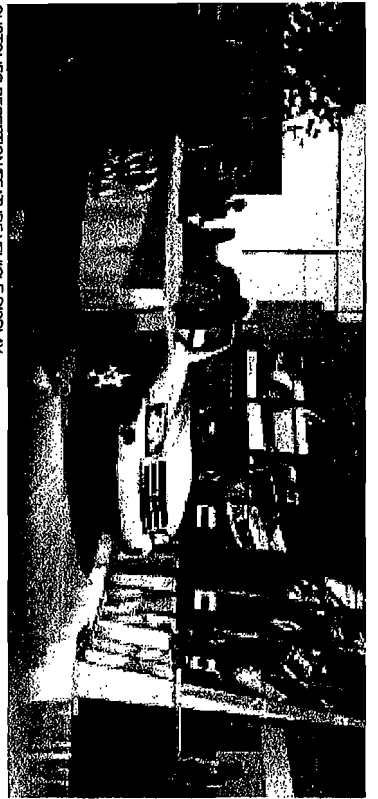




BRAND SHOWROOMS



CUSTOMER RECEPTION FEATURE VEHICLE DISPLAY



Dealership Interiors



CUSTOMER LOUNGE





RETAIL CENTER



SERVICE WRITE-UP



SCION SHOWROOM



NEW CAR DELIVERY



CHILDREN PLAY AREA

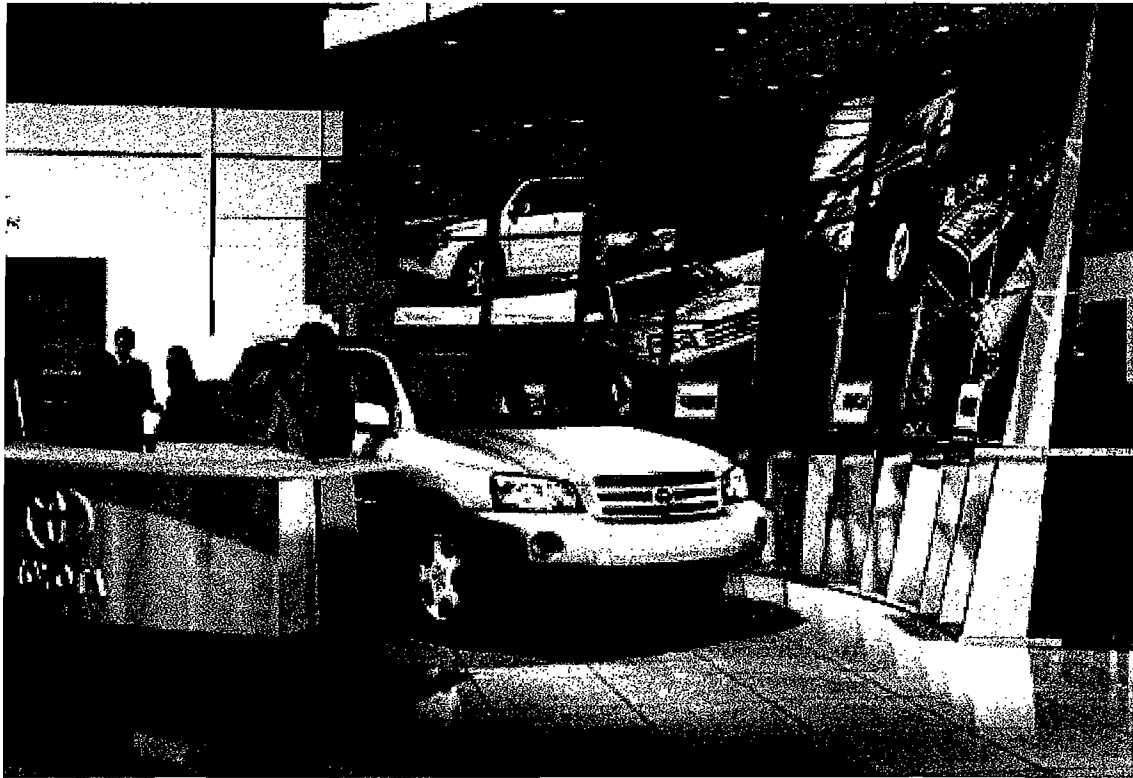


Interior Fixtures

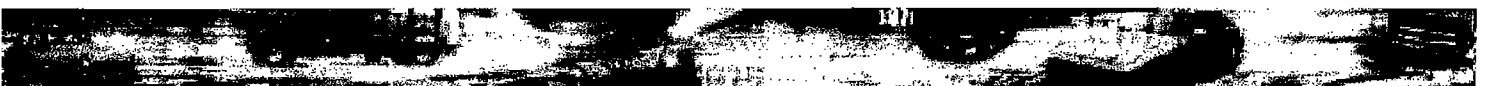
The new Toyota fixturing package has been expanded to offer a greater spectrum of selling and communication tools. This system, located throughout the entire showroom, allows for a deeper understanding of products, and extends the shopping experience. Product Feature Displays, for example, allow dealers to promote new vehicle launches and provide customers with product information that satisfies their most compelling needs. The displays can also stimulate additional sales by making products more visible and feature information more accessible.

Retail fixtures are designed to accommodate a broad range of product types, allowing dealers to sell items that are most appealing to their customers. The fixturing system is designed for mobility, allowing for flexibility and extendibility of the retail area.

Fixturing materials were selected based on their compatibility with the Toyota brand aesthetic.

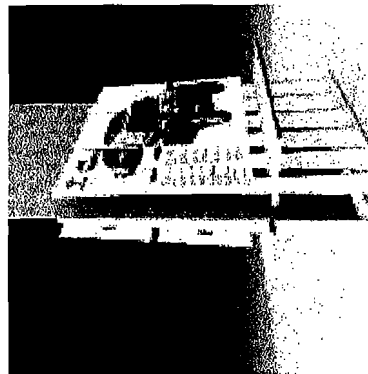
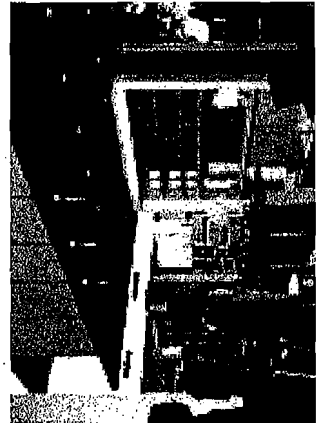


CUSTOMER RECEPTION/FEATURE VEHICLE DISPLAY

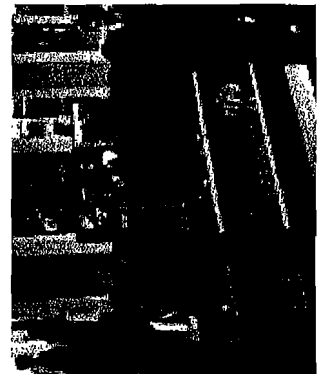




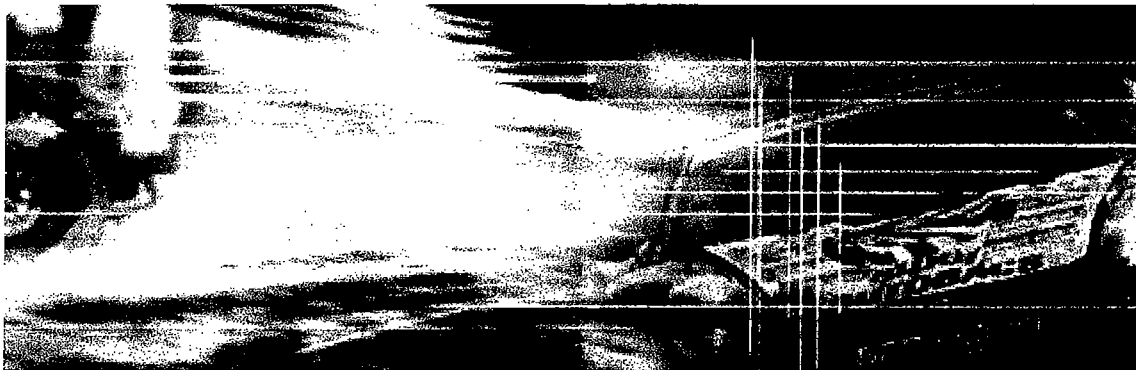
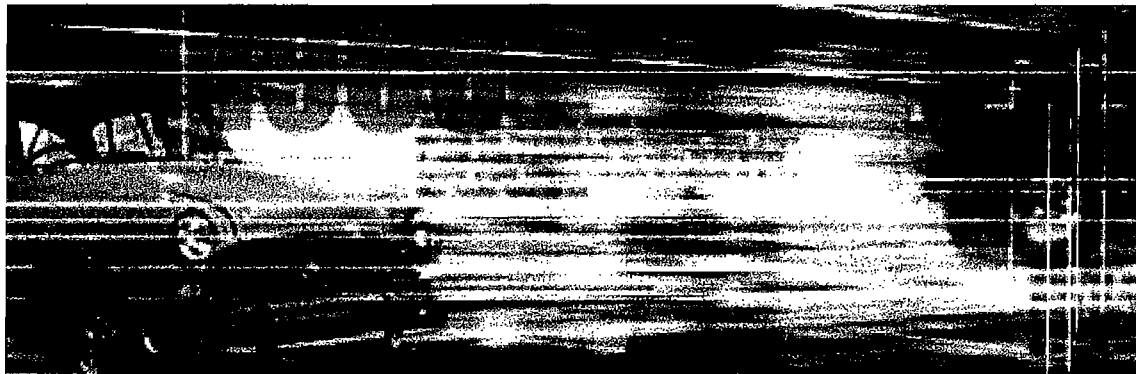
CAR DISPLAY FIXTURE



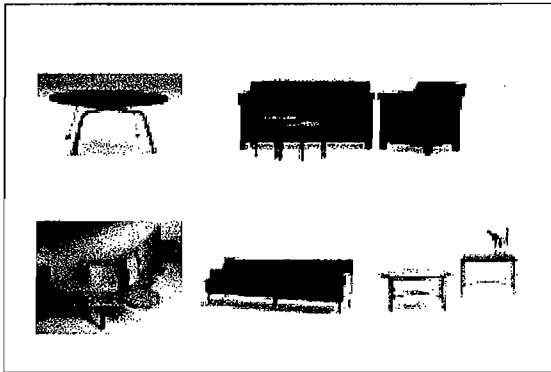
BRAND ROOM DISPLAY FIXTURE



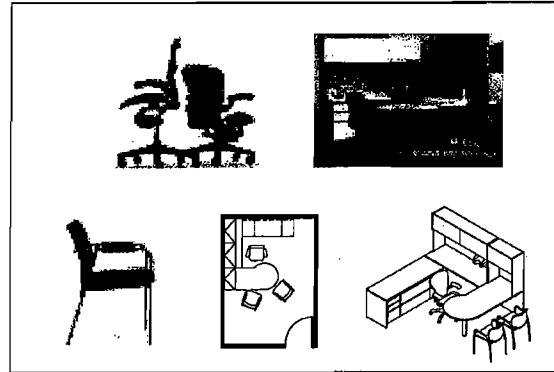
Interior Graphics and Furniture



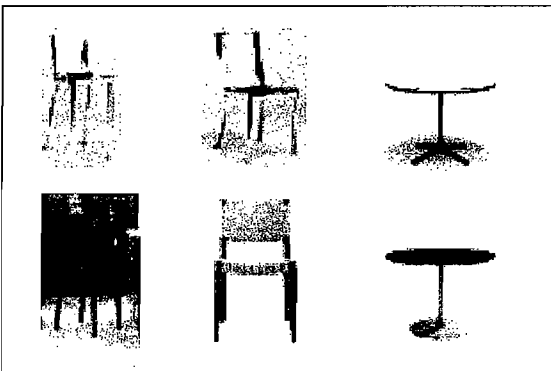
LIFESTYLE GRAPHICS



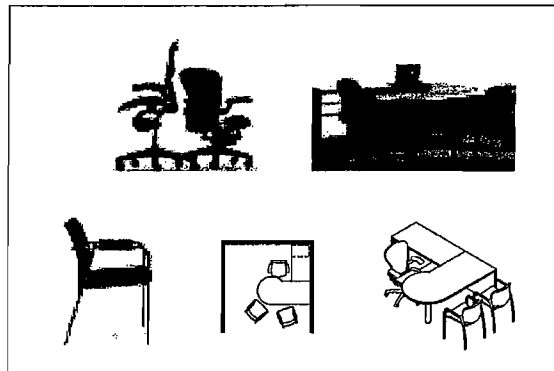
LOUNGE AREA FURNITURE



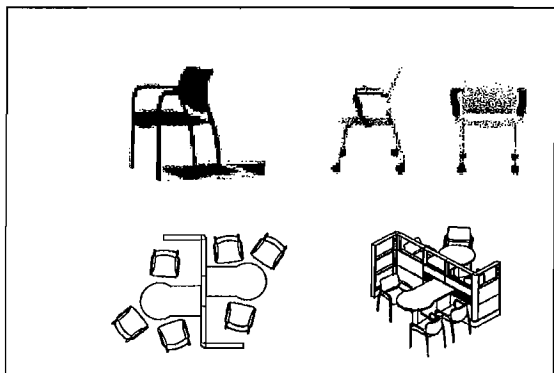
GENERAL MANAGER'S OFFICE



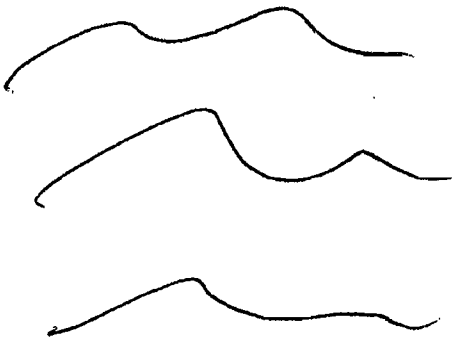
CAFE AREA FURNITURE



SALES OFFICE

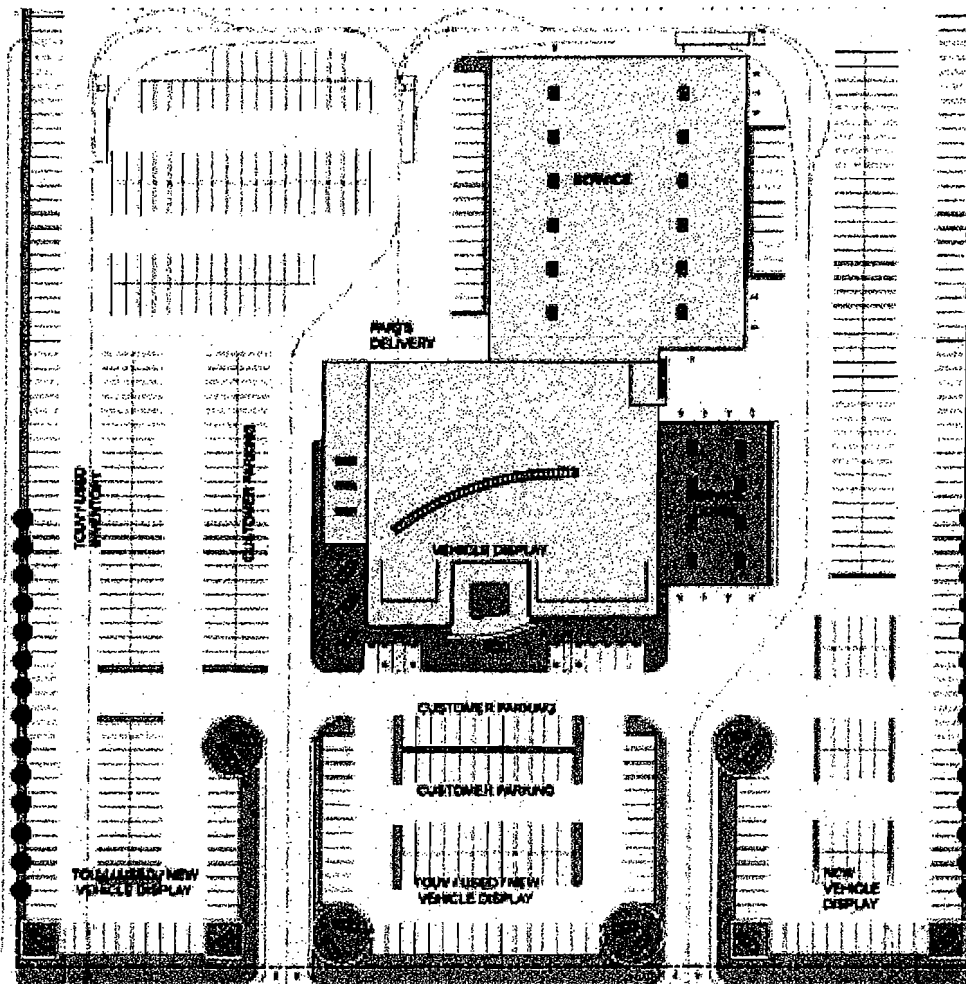


SALES STATIONS



Site Plan

The Toyota Image USA II program includes a holistic site design. The new approach enriches the shopping experience on the lot by providing highly visible display areas. These displays are included at the front of the lot to offer drive-by visibility, and at other logical lot locations with easy access for sales and service customers. Customer parking is provided with adjacency to the showroom entrance. The design of the lot offers a clean, organized presentation of Toyota's broad product line, and creates a positive, welcoming impression for the dealer.

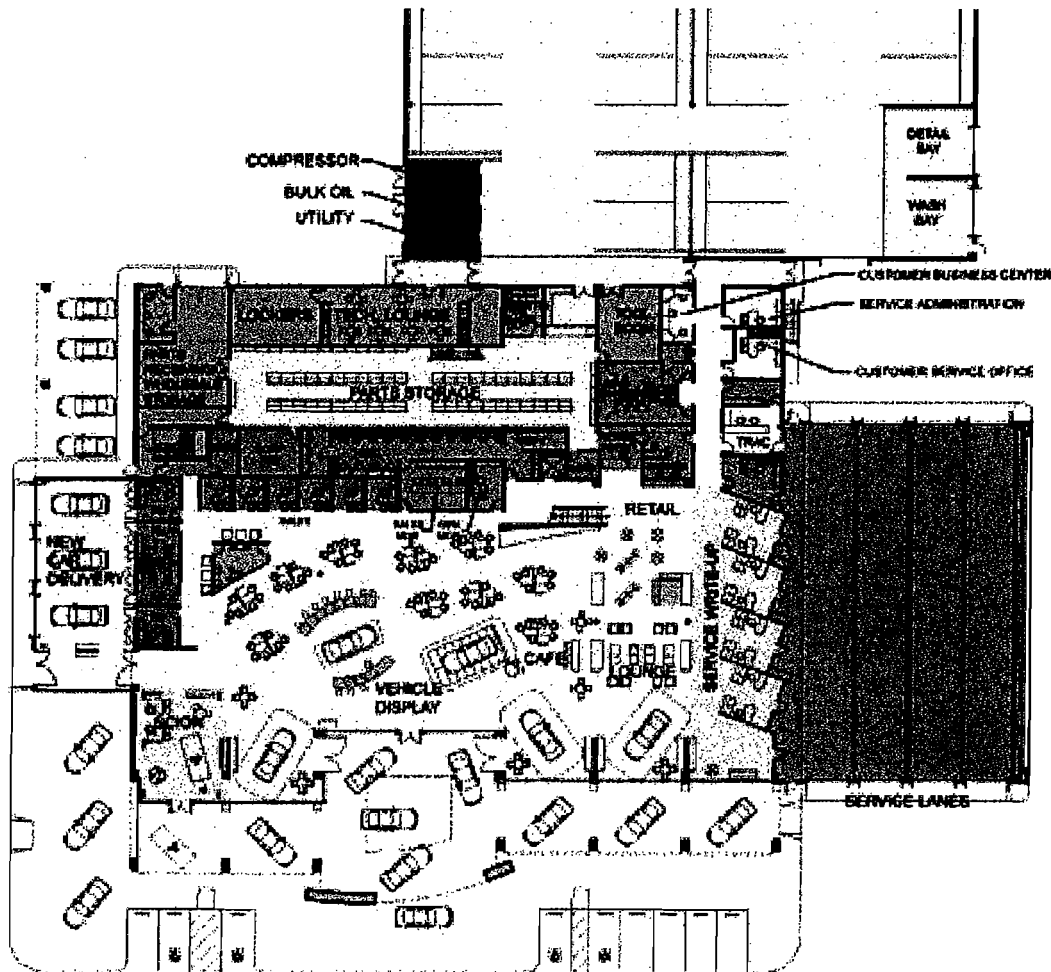


Floor Plan

The floor plan for Toyota's Image USA II is designed to create logical and recognizable customer zones, and to achieve optimal adjacencies. Product showrooms sit across the front of the dealership interior and correspond directly to the exterior display zones and signage. A greeting area is the first point of interaction inside the showroom. The customer lounge is positioned to link the public areas, service write-up, café and showroom. Children's areas are situated immediately adjacent to parent waiting areas and offer clear visibility to allow family members to stay connected and comfortable.

The floor plan allows a feeling of open space. Subtle elements such as the architectural drop ceilings in warm, natural materials help to delineate specific customer zones with a sense of openness.

The Service Area has a logical flow that helps busy customers navigate through it. Its adjacency to the showroom enables service customers to experience Toyota's latest product offering.



New Car Purchase Experience

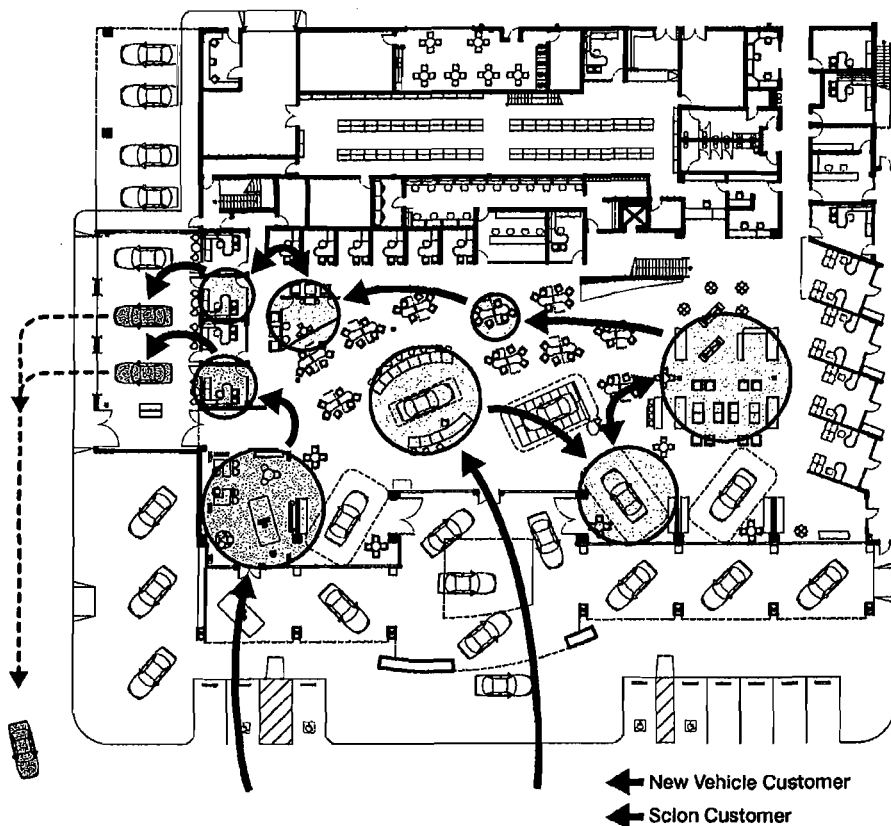
Scion Purchase

Toyota's exciting new sub-brand, Scion, is clearly denoted on the building exterior. Its separate entrance is unique, but fits comfortably on the overall facility. Customer parking spaces are adjacent to the Scion entry. A current, youthful attitude is reflected in the use of materials and interior components. Sales stations are nearby to enable a quick and straightforward conversation. A short distance away is the F&I office with the customer's new car waiting for delivery within view.

New Car Purchase

The Toyota customer will spot the new entry and signage portal brand statement from a distance. The entry portal provides customers with an intuitive way of finding the primary entry and facilitates easy access to the showroom. When approaching the courtyard, between the portal and the main building, the customer can view the latest car selection via the façade windows into the product showrooms.

The reception/feature vehicle display area draws customers with exciting graphic imagery, as do kiosks with online access for product information. The customer is welcomed by Toyota personnel available to answer questions and help guide customers to their vehicle of interest. Beverages and snacks are available at the lounge area while customers browse the interesting products available in the new retail area. Children can be dropped off in the child's play area while shoppers view vehicles in the showroom. When the customer is ready to have a conversation with a salesperson, a comfortable yet private seating area is nearby. Then they can make a quick visit to the F&I office, which has clear visibility into the children's play area so that parents can keep an eye on the children through one window with a view to the new car through the other. Children can be easily picked up on their way out to the new car.



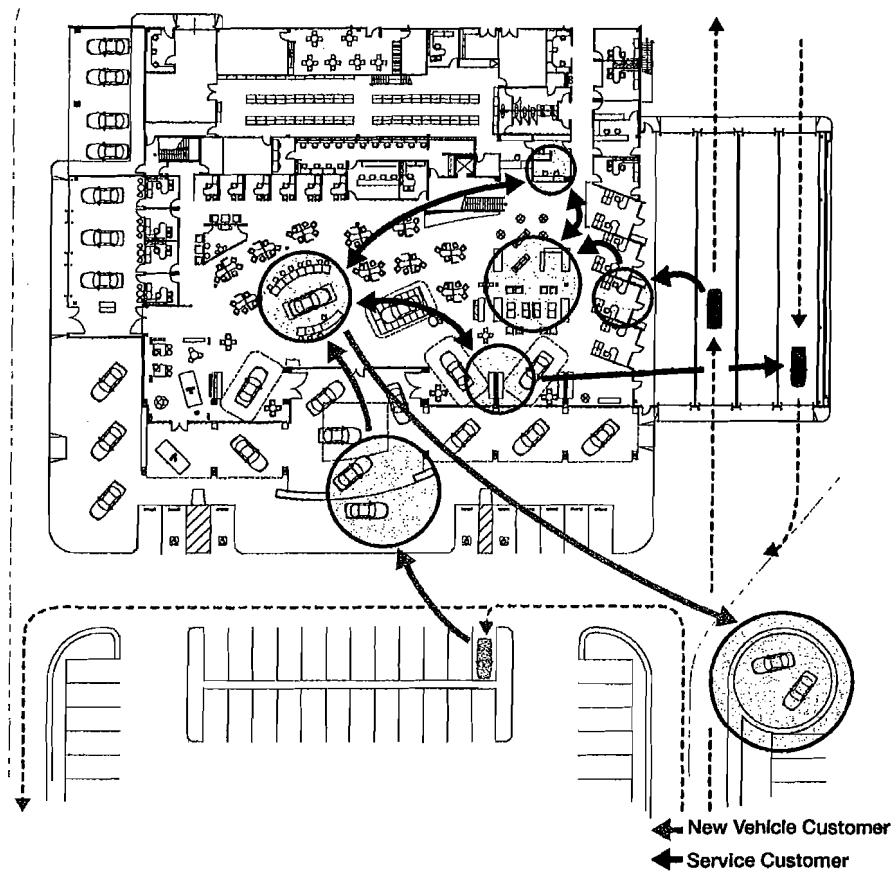
Lot and Service Experience

Site Visit

Even a tentative customer will be comfortable approaching the new dealership lot. The various car display areas are clearly defined, with easy access to customer parking in front of the showroom. This customer visits and "shops" the exterior courtyard the same as an interior retail space, having the ability to view the vehicle information seen through the brand showroom's display windows. The courtyard allows a natural transition into the showroom and straight to the reception/feature vehicle display area. Detailed information is available via online access and display graphics. With preliminary knowledge in hand, the customer is ready for a more leisurely purchase transaction.

Service

Customers visiting the site for service have clear visibility to the service lanes. The lanes are clearly marked as they approach the covered area. Staff are clearly visible and approach the customers in their car to greet them and review their service needs while in their car. Customers are accompanied into the Service Write-Up offices adjacent to the lanes. From these offices, they are attracted by the comfortable, well-lit lounge, parts and accessory retail area, and product showroom. Purchases may be made from the convenient cashier. A feature display attracts the service customer interested in learning more about Toyota's new product line. The display fixtures near the product showrooms offer more new, exciting items. After service is completed, customers can pick up their cars by walking directly from the showroom, then driving off the lot.



Core Design Elements

EXTERIOR ELEMENTS

Building Fascia Signs and Brand Signs



Entry Portal with Toyota Logo, Letters and Dealer Name



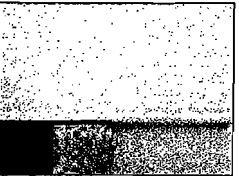
Light Grey Fascia with Red Band



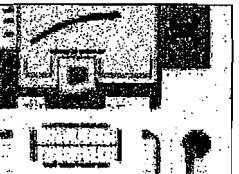
Scion Fascia Sign (if Scion Dealer)



Materials Palette



Appropriately Identified Dedicated Customer Parking



Directional Signage (New Brand Image)



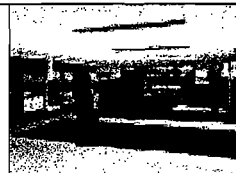
Core Design Elements

INTERIOR ELEMENTS

Differentiated Showrooms



Dedicated Delivery Area (enclosed preferred)



Finish and Color Palette – walls/floors/ceilings



Covered and appropriately enclosed Service Lanes



Minimum service stall dimension:
14'-0" x 40'-0" (include 1/2 aisle width)

Full-size truck capability in Service
with appropriate # of stalls



Contact your region for
additional details about
the Toyota Comprehensive
Facility initiative.



The Images and Information contained in this document
are for information only and are subject to change.
©2006 Toyota Motor Sales, U.S.A., Inc.



Exhibit "E"

To be Determined

MPS 5-1-07 changes
To RCK 4-30-07

EXHIBIT F

Development Schedule

Action	Target Date	Default Date	Penalty Amount
Apply for Planned Development Approval	11-01-2007	02-01-2008	
Apply for a building permit	06-30-2008	09-30-2008	25,000
Commence demolition			
Submit construction financing commitment and development budget			
Commence environmental remediation (if necessary)			10,000
Complete Demolition			
Close on the Property	03-31-2008	06-30-2008	
Obtain Foundation Permit and Commence Site Work			
Obtain Building Permit			25,000
Commence Foundation Construction			100,000
Complete Environmental Remediation (if necessary)			
Complete Foundation Installation			
Commence vertical construction			
Complete shell and core			100,000
Occupy Building, First C of O	09-01-2009	12-01-2009	300,000

Exhibit "G"

To be Determined



Doc#: 0734055008 Fee: \$150.00
Eugene "Gene" Moore
Cook County Recorder of Deeds
Date: 12/06/2007 11:04 AM Pg: 1 of 64

ORDINANCE NO. 0-91-07

**AN ORDINANCE AUTHORIZING THE MAYOR
TO EXECUTE A REDEVELOPMENT AGREEMENT BETWEEN THE
VILLAGE OF PALATINE AND OAG MOTORCYCLE VENTURES, INC.
(D/B/A SUBURBAN HARLEY-DAVIDSON, INC.) AND
LONE STAR-CARDINAL MOTORCYCLE VENTURES IV, LLC,
FOR THE PROPERTY AT 2009, 2011 AND 2015 N. RAND ROAD**

PINS: 02-02-402-005
02-02-402-009
02-02-203-052
02-02-203-054
02-02-203-018

Village Clerk's Office
Village of Palatine
200 E. Wood Street
Palatine, IL 60067

**Published in pamphlet form by authority of the
Mayor and Village Council of the Village of Palatine
On June 11, 2007**

ORDINANCE NO. 0-91-07

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE
A REDEVELOPMENT AGREEMENT BETWEEN THE VILLAGE OF PALATINE AND
OAG MOTORCYCLE VENTURES, INC. (D/B/A SUBURBAN HARLEY-DAVIDSON, INC.)
AND LONE STAR-CARDINAL MOTORCYCLE VENTURES IV, LLC
FOR THE PROPERTY AT 2009, 2011 AND 2015 N. RAND ROAD**

WHEREAS, the Village of Palatine by Ordinance Nos. 0-23-03, 0-24-03, 0-25-03 and passed by the Mayor and Village Council on January 27, 2003 established a Tax Increment Financing District, adopted a Tax Increment Redevelopment Plan for Rand Road Corridor and designated a Redevelopment Project Area; and

WHEREAS, the Mayor and Village Council have on June 11, 2007 considered the proposed Redevelopment Agreement with OAG Motorcycle Ventures, Inc. (d/b/a Suburban Harley-Davidson, Inc.) and Lone Star-Cardinal Motorcycle Ventures IV, LLC and have determined that entering into this Agreement furthers the purposes of the Tax Increment Financing District and the Redevelopment Plan for the Rand Road Corridor TIF District and furthers the public interest; and

NOW, THEREFORE, BE IT ORDAINED, by the Mayor and Village Council of the Village of Palatine, acting in the exercise of their home rule power that:

SECTION 1: The Village of Palatine hereby authorizes the Mayor to execute the Redevelopment Agreement, attached hereto as Exhibit A, pursuant to the Tax Increment Financing Act, Section 65 ILCS 5/11-74/4-4(c) and authorizes the Mayor to execute any other supporting documents to the extent permitted by law.

SECTION 2: This Ordinance shall be in full force and effect upon passage and approval as provided by law.

PASSED: This 11 day of June, 2007


AYES: 6 NAYS: 0 ABSENT: 0 PASS: 0

APPROVED by me this 11 day of June, 2007



Mayor of the Village of Palatine

ATTESTED and FILED in the office of the Village Clerk this 11 day of
June, 2007



Village Clerk

STATE OF ILLINOIS)
COUNTY OF COOK) SS

I, MARGARET R. DUER, do hereby certify that I am the duly elected, qualified and acting Clerk of the Village of Palatine, Cook County, Illinois, and that I am the keeper of the records, journals, entries, ordinances and resolutions of the said Village of Palatine.

I do further certify that the foregoing Ordinance is a true and correct copy of an Ordinance passed and adopted by the Village Council of the Village of Palatine at a Regular meeting held on the 11 day of June, 2007, and that said ordinance was deposited and filed in the office of the Village Clerk on the 11 day of June, 2007.

I do further certify that the original of which the foregoing is a true copy, is entrusted to my care for safekeeping and that I am the keeper of the same.

I further certify that the vote of the Village Council on the motion to adopt said ordinance was as follows:

AYES: 6 NAYS: 0 ABSENT: 0 PASS: 0

BY WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the Village of Palatine this 21 day of August, 2007.

(S E A L)


Margaret R. Duer
Palatine Village Clerk

06-28-07
Execution Version

REDEVELOPMENT AGREEMENT

THIS REDEVELOPMENT AGREEMENT (this "Agreement"), is made and entered into as of the 11th day of JUNE, 2007 ("Agreement Date") by and between the **VILLAGE OF PALATINE, ILLINOIS**, an Illinois municipal home rule corporation, located in Cook County, Illinois (the "Village"), **OAG MOTORCYCLE VENTURES, INC. (D.B.A. SUBURBAN HARLEY-DAVIDSON, INC)** (the "Tenant") and **LONE STAR-CARDINAL MOTORCYCLE VENTURES IV, LLC** (the "Developer"). (The Village, Developer and Tenant are sometimes referred to individually as a "Party" and collectively as the "Parties").

RECITALS

WHEREAS, the Village is a home rule unit of government in accordance with Article VII, Section 6, of the Constitution of the State of Illinois, 1970; and

WHEREAS, the Village has the authority, pursuant to the laws of the State of Illinois, to promote the health, safety and welfare of the Village and its inhabitants, to prevent the presence of blight, to encourage private development in order to enhance the local tax base, to increase additional tax revenues realized by the Village, foster increased economic activity within the Village, to increase employment opportunities within the Village, and to enter into contractual agreements with third parties for the purpose of achieving the aforesaid purposes, and otherwise be in the best interests of the Village; and

WHEREAS, to stimulate and induce redevelopment in the Rand Road/Dundee Corridor pursuant to the Act, the Village has adopted the following ordinances, after giving all notices required and after conducting the public hearings required by law:

1. Ordinance No. O-23-03, adopted January 27, 2003, titled "Ordinance Approving the Village of Palatine Cook County, Illinois, Rand Road Corridor Area Project

06-28-07
Execution Version

Area Development Plan and Project;

2. Ordinance No. O-24-03 adopted January 27, 2003, titled "Ordinance Designating the Village of Palatine, Illinois, Rand Road/Dundee Road Corridor Area Tax Increment Redevelopment Project Area" ("Rand Road Redevelopment Project Area");

3. Ordinance No. O-25-03, adopted January 27, 2003, titled "Ordinance Adopting Tax Increment Financing for the Village of Palatine Rand Road/Dundee Corridor Area Tax Increment Redevelopment Project Area in the Village of Palatine, Cook County, Illinois"; and

WHEREAS, the Village is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et seq., as amended (the "Act"), to finance redevelopment in accordance with the conditions and requirements set forth in the Act; and

WHEREAS, the Developer and Tenant represent and warrant to Village that Developer, Tenant, and their respective principals, are skilled in the development and operation of Harley Davidson Motorcycle Dealerships and are able to provide the Project (as defined in Article 2) with the necessary skill, knowledge and expertise as well as input from other experts and consultants in the construction and operation of such a Project; and

WHEREAS, the Developer desires to own and redevelop the Property; and

WHEREAS, the Tenant intends to operate a Harley-Davidson Motorcycle Dealership on the Property as well as a possible restaurant in a future phase of development; and

WHEREAS, the Developer will file an application for a Planned Development to seek approval to construct the Project, which the Village will consider; and

WHEREAS, it is necessary for the successful completion of the Project that the Village enter into this Agreement with Developer and Tenant to provide for the

06-28-07
Execution Version

development and operation of the Property, thereby implementing and bringing to completion a portion of the Redevelopment Plan; and

WHEREAS, Developer has been and continues to be unwilling to undertake the redevelopment of the Property but for certain tax increment financing ("TIF") incentives from the Village, which the Village is willing to provide under the terms and conditions contained herein; and

WHEREAS, the Village and the Developer propose to jointly finance the cost of acquisition of the Property, which will serve a public purpose by reducing or eliminating conditions that, in part, qualify the Rand Road Corridor Redevelopment Project Area as a blighted area and which are necessary to foster development within the Rand Road Corridor Redevelopment Project Area; and

WHEREAS, the Village proposes to finance its share of the costs to be incurred in connection with the foregoing acquisition and implementation of the public improvements by utilizing tax increment financing in accordance with the Act; and

WHEREAS, this Agreement has been submitted to the Corporate Authorities of the Village for consideration and review, the Corporate Authorities have taken all actions required to be taken prior to the execution of this Agreement in order to make the same binding upon the Village according to the terms hereof, and any and all actions of the Corporate Authorities of the Village precedent to the execution of this Agreement have been undertaken and performed in the manner required by law; and

WHEREAS, this Agreement has been submitted to the Directors of the Tenant for consideration and review, the Directors have taken all actions required to be taken prior to the execution of this Agreement in order to make the same binding upon the Tenant according to the terms hereof, and any and all action of the Tenant's Directors precedent to

06-28-07
Execution Version

the execution of this Agreement have been undertaken and performed in the manner required by law.

WHEREAS, this Agreement has been submitted to the Manager of the Developer for consideration and review, the Members have taken all actions required to be taken prior to the execution of this Agreement in order to make the same binding upon the Developer according to the terms hereof, and any and all action of the Developer's Manager precedent to the execution of this Agreement have been undertaken and performed in the manner required by law.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

ARTICLE ONE

INCORPORATION OF RECITALS

The findings, representations and agreements set forth in the above Recitals are material to this Agreement and are hereby incorporated into and made a part of this Agreement as though fully set out in this **Article One**, and constitute findings, representations and agreements of the Village, Tenant and Developer according to the tenor and import of the statements in such Recitals.

ARTICLE TWO

DEFINITIONS

For the purposes of this Agreement, unless the context clearly requires otherwise, words and terms used in this Agreement shall have the meanings provided from place to place herein, including above in the recitals hereto and as follows:

06-28-07
Execution Version

"Act" means the Tax Increment Allocation Redevelopment Act found at 65 ILCS 5-11-74.4-1, *et seq.*

"Agreement" means this Redevelopment Agreement.

"Change in Law" means the occurrence, after the Effective Date, of an event described below, provided (i) such event materially changes the costs or ability of the Party relying thereon to carry out its obligations under this Agreement and (ii) such event is not caused by the Party relying thereon. Change in Law means any of the following: (i) the enactment, adoption, promulgation or modification of any federal, state or local law, ordinance, code, rule or regulation or with respect to those made by the Village, only if they violate the terms of this Agreement; (ii) the order or judgment of any federal or state court, administrative agency or other governmental body; (iii) the imposition of any conditions on, or delays in, the issuance or renewal of any governmental license, approval or permit (or the suspension, termination, interruption, revocation, modification, denial or failure of issuance or renewal thereof) necessary for the undertaking of the services to be performed under this Agreement; or (iv) the adoption, promulgation, modification or interpretation in writing of a written guideline or policy statement by a governmental agency (other than the Village or with respect to those made by the Village, only if they violate the terms of this Agreement).

"Corporate Authorities" means the Village Mayor and Village Council of the Village of Palatine, Illinois.

"Day" means a calendar day.

"Developer" means LONE STAR-CARDINAL MOTORCYCLE VENTURES IV, LLC an Illinois Limited Liability Company, or any successor in interest thereof permitted pursuant to Section 18.12 hereof.

"Developer Closing Date" means the date on which Developer closes on its

06-28-07
Execution Version

purchase of the Property.

"Final Plans" means the final planned development plans approved by the Village as part of the Planned Development approval process.

"Party" means the Village and/or Developer and/or Tenant and its successors and/or assigns as permitted herein, as the context requires.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, trust, or government or any agency or political subdivision thereof, or any agency or entity created or existing under the compact clause of the United States Constitution.

"Plans" mean all the engineering drawings, site plans, architectural drawings and plans, landscape plans, traffic reports and all other plans and documents prepared for Developer and Tenant as part of the planning, design, zoning and construction for the Project.

"Project" means the development, construction, financing, and completion of a commercial building consisting of approximately 40,000 square feet for purposes of operating a Harley Davidson Motorcycle Dealership, and a not less than five thousand square foot related themed restaurant as part of a potential future phase (at Developer's sole option – not as a requirement hereunder) and any other public improvements required by the Village or Illinois Department of Transportation or other governmental unit, all in accordance with the Final Plans.

"Property" means the approximately 5.0 acre parcel of land as legally described on Exhibit A, upon which the Project will be implemented.

"Rand Road Corridor Redevelopment Project Area" means the entire Rand Road Corridor TIF district created by the Ordinances adopted by the Village in 2003.

06-28-07
Execution Version

"Redevelopment Plan" means the "Redevelopment Plan" for the Rand Road Corridor as defined in the Village Ordinance No. O-23-03.

"State" means the State of Illinois.

"Tenant" means OAG MOTORCYCLE VENTURES, INC. (d.b.a. Suburban Harley Davidson), an Illinois Corporation, or any successor in interest thereof permitted pursuant to Section 18.12 hereof.

"TIF Ordinances" means Ordinances Nos O-23-03, O-24-03 and O-25-03 all adopted by the Village on January 27, 2003, as described in the Recitals to this Agreement.

"TIF Eligible Expenses" means all qualifying TIF eligible redevelopment project costs authorized by the Act and this Agreement .

"TIF Revenue Stream" means the portion of the real property taxes collected with respect to the Property that is required to be paid to the Village Treasurer for deposit to the Tax Allocation Fund pursuant to Section 11-74.4-8 of the Act, as such provision may be amended from time to time, the proceeds of any other tax or other source of legally available revenue which the Village designates as "TIF Revenue Stream", and interest or other investment income earned on monies on deposit in the Tax Allocation Fund.

"Uncontrollable Circumstance" means any event which:

- (a) is beyond the reasonable control of and without the fault of the Party relying thereon; and
- (b) is one or more of the following events:
 - (i) a Change in Law;
 - (ii) insurrection, riot, civil disturbance, sabotage, act of the public enemy, explosion, nuclear incident, war or naval blockade;

- (iii) epidemic, hurricane, tornado, landslide, earthquake, lightning, fire, windstorm, other extraordinary weather conditions or other similar Act of God;
- (iv) governmental condemnation or taking other than by the Village;
- (v) strikes or labor disputes, other than those caused by the acts of Developer and/or Tenant;
- (vi) a shortage of materials not attributable to the Developer and/or Tenant; or
- (vii) soils that are incapable of supporting the proposed structure as designed.

Uncontrollable Circumstance shall not include: (1) economic hardship or impracticability of performance (except as described under Change of Law), (2) commercial or economic frustration of purpose, (except as described under Change of Law), (3) unavailability of materials, strikes or labor disputes caused by the acts of Developer and/or Tenant, or (4) a failure of performance by a contractor (except as caused by events which are Uncontrollable Circumstances as to the contractor).

"Village" means the Village of Palatine, Illinois, an Illinois municipal corporation.

"Village Closing Date" means the date the Village takes title to the Property pursuant to the provisions of Section 7.3.

ARTICLE THREE

CONSTRUCTION

This Agreement, except where the context by clear implication shall otherwise require, shall be construed and applied as follows:

- (a) Definitions include both singular and plural.
- (b) Pronouns include both singular and plural and cover all genders.
- (c) The word "include", "includes" and "including" shall be deemed to be

followed by the phrase "without limitation".

- (d) Headings of sections herein are solely for convenience of reference and do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.
- (e) All exhibits attached to this Agreement shall be and are operative provisions of this Agreement and shall be and are incorporated by reference in the context of use where mentioned and referenced in this Agreement. In the event of a conflict between any exhibit and the terms of this Agreement, the terms of this Agreement shall control.
- (f) Any certificate, letter or opinion required to be given pursuant to this Agreement means a signed document attesting to or acknowledging the circumstances, representations, opinions of law or other matters therein stated or set forth.
- (g) Reference herein to supplemental agreements, certificates, demands, requests, approvals, consents, notices and the like means that such shall be in writing whether or not a writing is specifically mentioned in the context of use.
- (h) In connection herewith concerning written directions or authorization in respect of the investment of any funds, notwithstanding any provision hereof to the contrary, such direction or authorization confirmed in writing, including by telecopier/facsimile transmission, shall be appropriate and is hereby approved.
- (i) The Village Manager, unless applicable law requires action by the Corporate Authorities, shall have the power and authority to make or grant or do those

things, certificates, requests, demands, notices and other actions required that are ministerial in nature or described in this Agreement for and on behalf of the Village and with the effect of binding the Village as limited by and provided for in this Agreement. Developer is entitled to rely on the full power and authority of the persons executing this Agreement on behalf of the Village as having been properly and legally given by the Village.

- (j) In connection with the foregoing and other actions to be taken under this Agreement, and unless applicable documents require action by Developer or the Tenant in a different manner, Developer and Tenant hereby designate Anthony G. Giglio as their authorized representative who shall individually have the power and authority to make or grant or do all things, supplemental agreements, certificates, requests, demands, approvals, consents, notices and other actions required or described in this Agreement for and on behalf of Developer and Tenant and with the effect of binding Developer and Tenant in that connection (such individual being an "Authorized Developer Representative" and "Authorized Tenant Representative" respectively). Developer shall have the right to change its Authorized Developer Representative and Tenant shall have the right to change its Authorized Tenant Representative by providing the Village with written notice of such change which notice shall be sent in accordance with **Section 18.2**.

ARTICLE FOUR

IMPLEMENTATION OF PROJECT

The Village, Tenant and the Developer agree to cooperate in implementing the Project in accordance with the Parties respective obligations set forth in this Agreement.

ARTICLE FIVE

DESIGNATION OF DEVELOPER

The Village hereby designates Developer as the exclusive developer for the Property, subject to the terms of this Agreement and only so long as either (a) Developer is not in default of this Agreement after the expiration of all applicable cure periods or (b) after any uncured default, Developer has reimbursed the Village for any sums theretofore paid by the Village to Developer pursuant to the exercise of the "Reimbursement Right" under Section 7.3 below, which "Reimbursement Right" only accrues to the Developer in the event the Village elects not to exercise its rights to purchase the Property under Section 7.3 below. The Village hereby represents and warrants to Developer that the Village has taken all necessary actions and has complied with all requirements imposed by law including, but not limited to, the requirements of Section 5/11-74.4-4 (c) of the Act, required to be taken and met prior to the designation of Developer as the exclusive developer for the Property.

ARTICLE SIX

Intentionally Omitted

ARTICLE SEVEN

ACQUISITION OF THE PROPERTY

7.1 **Acquisition of Property by Developer.** Developer shall acquire the Property not later than October 31, 2007, unless extended by the mutual agreement of the Village and Developer. In addition to any other payments agreed to by the Village under this Agreement, the Village shall reimburse the Developer for TIF Eligible Expenses subject to

the financial limitations set forth in this Agreement, as follows: (a) the actual land costs up to a maximum of Two Million Five Hundred Thousand (\$2,500,000) Dollars; plus (b) the interest incurred by Developer on Developer's mortgage loan for the purchase of the property from the origination date thereof through and including the date of final payment by the Village under Section 8.6 (a) below, plus (c) other related TIF Eligible land acquisition costs in an amount not to exceed \$62,500 plus the cost of a Phase II environmental report if required by Developer's Lender; plus (d) those costs contemplated in Section 8.6 (b) to the extent that Developer constructs and operates a related themed restaurant of not less than five thousand (5,000) square feet; plus (e) the building and engineering permits, sewer and water connection and other fees contemplated in Section 8.6 (c);

7.2 Use of Plans. If Developer and/or Tenant does not exercise its development rights, or in the event of exercise by the Village of its rights to purchase the Property after default under Section 7.3 hereof, Developer and Tenant shall assign to the Village, or as the Village shall direct, all of its right, title and interest in all of the Plans and Final Plans for the Property. Prior to the first payout of TIF Eligible Expenses by the Village, and prior to each and every subsequent payout by the Village to Developer, Developer and Tenant shall deliver to the Village letters from the architect, engineer, and all other consultants that have provided development services to the Developer and/or Tenant that prepared the Preliminary and Final Plans permitting the Village or its assignee to use them, in accordance with this Section 7.2, without charge, to complete the Project or redevelop the Property with any other plan or redevelopment. Developer and/or Tenant shall be responsible to make the architect, engineer and other consultants whole for all expenses incurred prior to the date the Village tenders the Purchase Notice to Developer.

7.3 Purchase by the Village. Subject to any delays caused by Uncontrollable

06-28-07
Execution Version

Circumstances and/or any delays due to a "Military Deployment" as described in Section 7.4 below, if: (a) the Developer falls more than ninety (90) days behind the time schedule to complete the Project or (b) if no substantial work is proceeding on the Project for a period of ninety (90) days after the target date set forth in Exhibit B, then any of such events shall constitute a default hereunder. If such failure or delay shall occur prior to commencement of construction, the Village Manager may notify the Developer in writing that the Village demands the purchase (the "Purchase") of the Property (the "Purchase Notice"). If Developer does not either (a) cure such default within fifteen calendar (15) days of receipt of the Purchase Notice (the "Cure Period"), or (b) exercise its "Reimbursement Election" as described below, then within thirty (30) days after the Developer's receipt of the Purchase Notice, Developer shall convey the Property to the Village for the amount due on the mortgage, subject only to such exceptions as were recorded against the Property when the Property was acquired by the Developer. Upon request of the Village after the issuance of the Purchase Notice, the Developer shall provide the Village with a detailed itemization of the Developer's Construction Costs and the Village shall have a right to review the books and record of the Developer to confirm the accuracy of the Developer's Construction Costs (limited to the books and records relating to the Developer's Construction Costs). The Developer has warranted that it will not collect a Developer Construction Management fee until after the Village's right of purchase expires. The Tenant's lease shall contain an express term stating that, in the event that the Village exercises its right to Purchase the Property, said lease shall expire and the title will not be subject to the lease at the time the Village takes title to the Property. Any mortgage encumbering the Property shall contain an express provision permitting such Purchase by the Village and an agreement of the Lender to release its lien on the Village Closing Date. In the event that there is an amount necessary to

06-28-07
Execution Version

obtain releases of the construction loan, the Developer shall pay the excess amount prior to the Village Closing Date. Village may pursue all legal remedies in order to be made whole. Developer shall convey the property by special warranty deed, shall assume any costs for title insurance in the amount of the original purchase price and Developer and Village shall execute such other customary title documents as are commonly used in similar commercial transactions in the Chicago, Illinois metropolitan area.

In the event that subsequent to the commencement of construction, the Developer defaults on this Agreement the Developer shall reimburse the Village for all monies theretofor paid to the Developer pursuant to this Agreement (the "Village's Development Costs"), and the Village shall not have a right to purchase the Property under this Section 7.3. In such event, the Village shall provide the Developer with a detailed itemization of the Village's Development Costs. The Developer shall be obligated to reimburse the Village for the Village's Development Costs within sixty (60) days of the delivery of the Reimbursement Election.

Developer's obligations set forth in Section 9.19 shall be documented by Developer and Tenant, to the satisfaction of the Village prior to approval of the Planned Development ordinance. Failure of the Developer and Tenant to comply with these terms and conditions shall constitute an Event of Default as defined herein.

7.4 Deployment due to Military Obligations. Notwithstanding anything contained in this Agreement to the contrary, in the event that, at any time prior to the completion of the Project hereunder, Anthony Giglio (the ADR, ATR, Manager of Developer and primary operator of Tenant) is involuntarily recalled into Active Duty in connection with Operation Iraqi Freedom, Operation Enduring Freedom or Noble Eagle, then all construction timeframes, deadlines, default and/or other timelines set forth in this Agreement shall be

tolled during such period that Anthony Giglio is on Active Duty deployment (a "Military Deployment"), not to exceed a maximum of one (1) year in the aggregate and excluding any voluntary training or other reserve duty periods. In the event of any such Military Deployment, the Developer shall notify the Village of the commencement date thereof and again of the release of Anthony Giglio from Active Duty in accordance with the provision of Section 18.2 below.

ARTICLE EIGHT

VILLAGE COVENANTS AND AGREEMENTS

8.1 Village's Redevelopment Obligations. The Village shall have the obligations set forth in this Article Eight in connection with the Project. Notwithstanding the obligations of this Article Eight, this Agreement shall not constitute a debt of the Village within the meaning of any constitutional statutory provision or limitation.

8.2 Village Funding. The Village may issue Bonds to fulfill the Village's obligations under this Agreement. Reimbursement of TIF Eligible Expenses shall be disbursed in accordance with the terms of this Agreement.

8.3 Defense of TIF District. In the event that any court or governmental agency, having jurisdiction over enforcement of the Act and the subject matter contemplated by this Agreement, shall determine that this Agreement is contrary to law, or in the event that the legitimacy of the Rand Road Corridor Redevelopment Project Area is otherwise challenged before a court or governmental agency having jurisdiction thereof, the Village will, at its sole cost and expense, defend the integrity of the Rand Road Corridor Redevelopment Project Area and this Agreement. Developer and Tenant will fully cooperate with the Village in connection with the foregoing, at no out-of-pocket cost to Developer or Tenant, without reimbursement by the Village.

06-28-07
Execution Version

8.4 Cooperation with Other Permits. The Village agrees to cooperate with Developer in Developer's attempts to obtain all necessary approvals from any governmental or quasi-governmental entity other than the Village. The Village shall further promptly and expeditiously process and consider to the extent allowable under applicable law, any reasonable request of Developer and/or Tenant for zoning and planned development approvals and for relief or variances from Village Zoning and Subdivision ordinances necessary for the construction of the Project. The Parties acknowledge that sanitary sewers are located adjacent to the Property and can be used to connect the Property to the Village sanitary sewer system. The Village acknowledges that the Village water system must be extended along the entire frontage of the Property as well as adjacent properties along Rand Road in order to provide potable water service to the Property without requiring off-site construction by the Developer. The Village hereby agrees to extend the Village potable water mains across the required Rand Road frontage of the Property, within ninety (90) days of the date that Developer obtains a building permit to construct the Harley-Davidson Motorcycle dealership, in order to provide potable water service to the Property. In the event that the Village requires additional easements on the Property in order to extend the water main, the Developer hereby agrees to provide the required easements for construction and permanent installation of the water main as determined by the Village Engineer at no cost to the Village, so long as said easements do not interfere with Developer's building construction plans.

8.5 Certificate of Completion. Within thirty (30) days after written request from Developer and after Developer has provided all required waiver of liens and sworn statements necessary to comply with the Illinois Mechanics Lien Act and has complied with all Village codes and with the obligations of this Agreement with respect to the construction

of the Project, and after the Village has issued the final certificate of occupancy for the proposed building, the Village shall deliver a certificate of completion and satisfaction of all construction terms, covenants and conditions contained in this Agreement or, if not complete or satisfied, what deficiencies exist.

8.6 Cash Payment.

(a) Land. The Village shall reimburse Developer the sums set forth in Section 7.1 above for land acquisition and other TIF Eligible land acquisition expenses. Such payment shall be made in six (6) installments as follows:

- (i) Within thirty (30) days of the Developer's Closing Date, a sum equal to the total of (A) the first twelve months of principal and interest payments to become due and payable under the Developer's mortgage loan as calculated in advance by the Developer's Lender, plus (B) all other TIF Eligible Expenses to be reimbursed by the Village under Sections 7.1 (c) and (e).
- (ii) On or before the first anniversary of the Developer's Closing Date, a sum equal to the second twelve months of principal and interest payments to become due and payable under the Developer's mortgage loan as calculated in advance by the Developer's Lender.
- (iii) On or before the second anniversary of the Developer's Closing Date, a sum equal to the third twelve months of principal and interest payments to become due and payable under the Developer's mortgage loan as calculated in advance by the Developer's Lender.
- (iv) On or before the third anniversary of the Developer's Closing Date, a sum equal to the fourth twelve months of principal and interest

- payments to become due and payable under the Developer's mortgage loan as calculated in advance by the Developer's Lender.
- (v) On or before the fourth anniversary of the Developer's Closing Date, a sum equal to the fifth twelve months of principal and interest payments to become due and payable under the Developer's mortgage loan as calculated in advance by the Developer's Lender.
- (vi) To the extent any remaining balance of the sums due under Section 7.1 are not yet paid, these funds shall be payable on or before the fifth anniversary of the Developer's Closing Date.
- (b) Site Preparation. The Village agrees to reimburse Developer the additional sum of up to Two Hundred Fifty Thousand (\$250,000.00) Dollars for site preparation costs, which are limited to site grading, tree removal, and sewer and water extensions subject to the condition that said costs are TIF eligible under the Act and Developer constructs and opens a related themed restaurant, of not less than 5,000 square feet, on the Property no later than July 31, 2013. The Village shall reimburse the Developer said costs within thirty (30) days of Developer providing Village paid receipts and proof of payment of said TIF Eligible Expenses.
- (c) Permit and Sewer and Water Connection Fees. The Village agrees to reimburse Developer for all Village imposed fees, including but not limited to permit, inspection, review, tap-in and stormwater drainage fees incurred by Developer in connection with the Project. Reimbursement from the Village shall occur within thirty (30) days of payment thereof by the Developer. Developer shall submit paid receipts and proof of payment to establish

amount of said fees, as set forth in Section 9.17.

ARTICLE NINE

DEVELOPER'S AND TENANT'S COVENANTS AND AGREEMENTS

9.1 Developer's and Tenant's Redevelopment Obligations. Developer and Tenant shall have the obligations set forth in this Article Nine for the development, construction, financing, completion and furtherance of the Project.

9.2 Acquisition of the Property. This Agreement is subject to the Developer acquiring legal title to the Property. In the event Developer fails to close on the Property, this Agreement shall be deemed null and void with the Parties to cover their own expenses.

9.3 Permit Application Deadlines. Developer shall apply for preliminary and final planned development approval necessary to construct the Project. Developer shall proceed with the application for permits and construction of the Project on the Property in accordance with the schedule set forth in Exhibit B hereto.

9.4 Construction Financing Deadline. No later than 30 days following the later of (a) the execution of this agreement and (b) the Developer's Closing Date, and as a condition precedent to the Village's issuance of a building permit, the Developer shall demonstrate to the Village's satisfaction that Developer has sufficient funds to pay the cost of the Project and any other obligations of Developer hereunder relating to the Property. Developer shall obtain a binding commitment, in form and content that is typical in the industry, for construction financing for the Developer's Project ("Construction Loan") to be constructed and shall provide to Village in accordance with the terms hereof and the Final Plans, and shall furnish evidence of such commitment to the Village within the later of (a) 30 days of the execution of this agreement and (b) the Developer's Closing Date.

If the Developer's lender succeeds to the interest of Developer of the Property or any

06-28-07
Execution Version

portion thereof pursuant to the exercise of remedies under a mortgage or other security document, and in conjunction therewith succeeds to the interest of the Developer under this Agreement, the Developer's lender shall deliver to the Village within thirty (30) days following the date on which the Developer's lender has succeeded to the interest of the Developer under this Agreement an executed Assumption and Assignment Agreement in the form attached hereto as Exhibit "C" (the "Assumption Agreement"). In such event, notwithstanding any other provision of this Agreement to the contrary, it is understood and agreed that the Developer's lender shall have no liability under this Agreement for any default or breach by the Developer under this Agreement, which occurred prior to the time the Developer's lender enters into the Assumption Agreement with the Village. Notwithstanding the foregoing provisions of this Agreement, however, the Developer's lender shall not be permitted or authorized to undertake or continue the construction or completion of any improvements (beyond the extent necessary to conserve, protect, secure and/or make safe the improvements or construction already made) until the Developer's lender has entered into the Assumption Agreement with the Village. Further, Developer's lender shall take all steps necessary and prudent to transfer this Property to a Developer or end user so as to complete the Project within one (1) year of the date of Project completion set forth in Exhibit "B".

9.5 Project Development Budget. Developer shall submit to the Village the project development budget approved by the Developer's lender when available but not later than ten (10) days after the Developer's Closing Date. The Developer agrees that the Village will be provided a reasonable opportunity to meet with the Developer's lender if requested by the Village.

9.6 Letter of Credit, Permits and Other Security Prior to Commencement of

Construction.

Prior to commencement of construction, Developer shall provide to Village evidence that: (i) all zoning ordinances and resolutions have been obtained; (ii) the Developer's Lender has approved the budget for the Project, and (iii) the Developer has a completely executed financing commitment. Prior to commencement of construction, Developer shall deliver to Village an unconditional irrevocable letter of credit in the amount of Two Hundred Fifty Thousand (\$250,000.00) Dollars in form and substance acceptable to Village (the "LOC") which LOC may be drawn on by Village upon the occurrence of a Penalty Event as defined in Exhibit B. Seventy Five Thousand (\$75,000.00) Dollars of the LOC shall be released at the time that the Village certifies the completion of the foundation of the building. Seventy Five Thousand (\$75,000.00) Dollars of the LOC shall be released at the time that the Village certifies the completion of the shell and core of the building. Seventy Five Thousand (\$75,000.00) Dollars of the LOC shall be released at the time that the Village certifies that the Project is complete. For purposes of this Section 9.6 completion shall be deemed to occur upon the issuance of a final certificate of occupancy for the building. The remaining Twenty Five Thousand (\$25,000) Dollars of the LOC shall be released upon the completion of the one-year maintenance period as required under the Village Code.

9.7 **Timing of Developer's Obligations.** Developer covenants and agrees to construct or cause to be constructed the Project on the Property at the times set forth on Exhibit B hereto and otherwise as required herein, subject however, to Uncontrollable Circumstances or Military Deployment.

9.8 **Usage of Proposed Building.** The Developer and Tenant shall utilize the entire commercial space of the proposed primary building as a Harley Davidson Motorcycle Dealership as its principal use of the business, as well as other sales tax generating uses

9.9 Compliance with Applicable Laws. Developer and Tenant warrant that they shall at all times acquire, install, construct, operate and maintain the Project in conformance with all applicable laws, rules, ordinances and regulations and this Agreement. All work with respect to the Project shall conform to all applicable federal, state and local laws, regulations and ordinances, including, but not limited to, zoning, subdivision, planned development codes, building codes, environmental codes, life safety codes, property maintenance codes and any other applicable codes and ordinances of the Village and this Agreement, all as more specifically set forth in **Article Eleven**. The Village shall not enact any law, ordinance, rule or regulation (or amendment thereto) which would have the effect of increasing Developer's obligations hereunder, including an increase in the cost of the Project, unless said law, ordinance, rule or regulation is one of general applicability to all the property in the Village.

9.10 No Default. Neither the Developer nor the Tenant shall be in default under this Agreement or be in default under any agreement with its tenants or any other party in connection with the development of the Property, which default has not been cured after the giving of proper notice thereunder and all rights to cure have lapsed. Failure to comply with this term renders the Developer and/or the Tenant in default of this Agreement, subject to Developer's and Tenant's right to cure under this Agreement.

9.11 Progress Meetings. Developer shall meet with the Village Council and Village staff and make presentations to the Village Council and Village staff as reasonably requested by the Village Manager in order to keep the Village apprised of the progress of the development.

9.12 Authorized Representative. Subject to the provisions thereof, Developer and Tenant have designated in **Article Three** (i) a representative with full power and authority

06-28-07
Execution Version

to meet with Village staff for purposes of coordinating and implementing obligations of the Parties under this Agreement.

9.13 Real Estate Tax Payments. Developer and successor owners agree to pay all general and special real estate taxes levied during their respective period of ownership against their respective interest in the Project on or prior to the date same is due and said taxes shall not become delinquent. Developer and successor owners shall deliver evidence of payment of such taxes to the Village upon request.

9.14 Tax Exempt Status. Consistent with its covenant in Section 9.13, Developer and successor owners shall not assert a tax-exempt status during their respective period of ownership. This prohibition shall run with the land and shall expire on the date the Rand Road Corridor Redevelopment Project Area expires or an earlier date if agreed by the Village and Developer. Nothing herein shall be construed as imposing any limitations on Developer's right to construct and maintain a "proprietor's residence or quarters" on the Property and to obtain the appropriate tax classification therefor so long as the "proprietor's residence or quarters" is occupied and used by the proprietor or a full time employee of the Project and is not available for lease or available for occupancy to the general public. Notwithstanding anything in this Agreement to the contrary, Developer and all successor owners of the Property agree not to challenge, contest, or seek reduction in the assessed valuation of the Property, such that the assessed value for any given year for the Property would be less than the amounts shown in Exhibit "D" hereto (the "Anticipated Assessed Value"). No real estate tax challenge, contest or reduction shall be made on the Property such that the assessed value for any given year for the Property would be less than the Anticipated Assessed Value until the Redevelopment Project Area is terminated. The remedy to the Village in the event of a breach of this Section is for the Developer (or its

06-28-07
Execution Version

successor owners, as the case may be) to pay to the Village on an annual basis the difference between the actual real estate taxes payable for the Property and the amount of real estate taxes that would have been due and owing on the Anticipated Assessed Value for such year (said deficiency shall herein be referred to as the "TIF Deficiency"), plus interest thereon at the prime rate charged by Harris Bank (or its successor) plus three (3%) percent per annum for the period beginning on the date the Incremental Property taxes are received by the Village for any given year and ending on the date the TIF Deficiency is paid to the Village. Failure to pay the TIF Deficiency within thirty (30) days of notice from the Village.

9.15 Real Estate Taxes. The Developer acknowledges and is in receipt of the real estate tax increment projections prepared by SB Friedman and Company attached hereto as Exhibit "D".

9.16 Existing Billboard on Property. The Parties acknowledge the existence of a billboard on the Property. Developer is purchasing the Property subject to a lease ("Lease") for the billboard. Pursuant to its terms, the Lease expires on April 30, 2009 ("Termination Date"). Developer agrees to take whatever steps are required to terminate the Lease on the Termination Date and shall not renew the term of the Lease. The Village acknowledges that, in the event that the Developer receives any payment from the seller of the Property as a result of such seller's failure to remove the billboard prior to the Developer's Closing Date, such payment shall accrue to the sole benefit of the Developer, shall not be treated hereunder as a credit against the purchase price of the Property and shall not be deducted from the sums payable to the Developer under Section 7.1 above.

9.17 Village Imposed Fees and Expenses. Developer shall pay all Village imposed fees, including but not limited to permit, inspection, review, tap-on, and storm water drainage fees that are assessed on a uniform basis throughout the Village and are of a general

06-28-07
Execution Version

applicability to all other property in the Village. Said payments shall be made as directed by the applicable Village code or policy.

Developer's failure to pay the fees and expenses described in this Section 9.17, or elsewhere in this Agreement, shall constitute an Event of Default hereunder. The Village shall reimburse the Developer for said fees and expenses as set forth in Section 8.6(c) above. Reimbursement from the Village shall occur within thirty (30) days of payment thereof by the Developer.

9.18 Loan Agreement. Prior to issuance of a final certificate of occupancy for the Project and the Project opening for business, Developer shall not use the Property as collateral for anything, including motorcycles or other products to be sold from the Property, other than the costs of acquiring the Property and constructing the Project. Developer's Loan Agreement shall expressly provide that the amount of said Loan may not be increased without the consent of the Village.

9.19 Shared Access. Developer agrees to provide and enter into in a shared access curb cut and a cross access easement agreement between the Property and the lands located immediately to the south of the Property, pursuant to terms acceptable to the Village; provided, however, that any such easement shall relate to vehicular traffic ingress and egress only and shall not include any parking.

9.20 Retail Sales Generating Uses. The Developer agrees that during the term of this Agreement or until the Village has collected the total tax increment benefit obtained by the Developer of Two Million Seven Hundred Fifty Thousand (\$2,750,000.00) Dollars from the Property, the primary business of every tenant to be located at the Property shall be a retail sales tax generating user.

9.21 Development Schedule. Developer shall construct the Project pursuant to the

06-28-07
Execution Version

Development Schedule attached as Exhibit "B", subject to Uncontrollable Circumstances and/or Military Deployment.

9.22 Duty to Remain Open. In addition to the Village's rights herein, in the event (a) Tenant does not operate the Project on the Property for a period of five (5) continuous years after the Project has been open for business for thirty (30) continuous days for its intended purpose or if Tenant relocates its facility or opens a new facility elsewhere, and Tenant or Developer fails to cure such default within any applicable cure period, the Developer and Tenant shall be jointly and severally responsible to reimburse the Village in an amount equal to the total sums paid by the Village to the Developer regarding this Project. In the alternative, Developer and/or Tenant may post a letter of credit with the Village for said five (5) year term in the amount of Five Hundred Thousand (\$500,000.00) Dollars. Said letter of credit shall be returned to the Developer and/or Tenant respectively at the end of the five (5) year term unless the Village has exercised its rights under this Agreement to collect on the Letter of Credit proceeds.

ARTICLE TEN

ADDITIONAL COVENANTS OF DEVELOPER AND TENANT

10.1 Developer and Tenant Existence. Developer and Tenant will do or cause to be done all things necessary to preserve and keep in full force and effect their existence and standing as an Illinois Limited Liability Company authorized to do business in Illinois and an Illinois corporation authorized to do business in Illinois, respectively, so long as Developer maintains an interest in the Property or has any other remaining obligation pursuant to the terms of this Agreement.

10.2 Construction of Project. After the Developer's Closing Date, the Developer shall diligently pursue obtaining all required permits and Developer shall cause construction of

the Project on the Property to be prosecuted and completed pursuant to the schedule set forth on **Exhibit B** with due diligence, in good faith and without delay, subject to Uncontrollable Circumstances, Military Deployment and the other provisions of this Agreement. Neither Developer, nor any entity in which Developer has an interest, shall be paid any developer construction management fee or other fees from the proceeds of the Construction Loan for the Property, but shall be permitted to be paid a developer construction management fee upon completion of the building and after Developer is issued a certificate of occupancy.

10.3 Indemnification. Developer (use of the term "Developer" herein includes Tenant, permitted successors and assigns), agrees to indemnify, defend and hold the Village, Mayor, Village Council Members, Village Manager, officers, agents and employees (hereinafter "Indemnified Parties") 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 Indemnified Parties which are caused as a result of:

- a. the failure of Developer to comply with any of the terms, covenants or conditions of this Agreement which Developer is obligated to comply with; or
- b. the failure of Developer or any of Developer's contractors to pay contractors, subcontractors or materialmen in connection with the Project; or
- c. material misrepresentations or omissions of Developer relating to the Project, financials or this Agreement which are the result of information supplied or omitted by Developer or by its agents, employees, contractors or persons acting under the control or at the request of Developer; or
- d. the failure of Developer to cure any material misrepresentations or omissions

of Developer in this Agreement relating to the Project within the applicable cure provisions of this Agreement; or

e. any claim or cause of action for injury or damage brought by a third party arising out of the construction or operation of the Project by Developer; or

f. any violation by Developer of local ordinance, state or federal laws, in connection with the offer and sale of interests in the Developer or any part of the Project.

g. The occurrence of an Event of Default by Developer.

The provisions of this **Section 10.3** shall not apply to a loss which arises out of (in whole or in part) intentional misconduct providing this information on the part of any Indemnified Party, but only to the extent that such Indemnified Parties' misconduct or negligence or misinformation contributed to the loss, or that the loss is attributable to such Indemnified Parties' misconduct or negligence or misinformation.

10.4 Insurance. Prior to the issuance of any building or site development permit the Developer (or Developer's contractor) shall deliver to the Village, at Developer's cost and expense, insurance required to be carried by Developer pursuant to **Article Fourteen**.

10.5 Further Assistance and Corrective Instruments. The Village, Tenant and Developer agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may be reasonably required for carrying out the intention of or facilitating the performance of this Agreement to the extent legally permitted and within the Village's sound legal discretion.

10.6 No Gifts. Developer and Tenant covenant that no officer, member, manager, stockholder, employee or agent of Developer, or any other person connected with Developer, has made, offered or given, either directly or indirectly, to the Mayor, any

Council member, or any officer, employee or agent of the Village, or any other person connected with the Village, any money or anything of value as a gift or bribe or other means of influencing his or her action in his or her capacity with the Village.

10.7 Conveyance. In recognition of the nature of the Project and the Village's projections of the need for incremental tax revenues to finance Redevelopment Project Costs, in accordance with the Act, during the life of the TIF consistent with its covenants in **Sections 9.14**, Developer shall not knowingly undertake to convey the Property to persons whose ownership and use of such Property will not generate sales taxes from the principal use of the building, and will impose in the deed conveying all or any portion of the Property, a prohibition against granting such conveyance consistent with the covenants in **Sections 9.14**. In addition to the Village's rights herein, in the event (a) Tenant does not operate the Project on the Property for a period of five (5) continuous years after "commencement of operations" (defined as the thirtieth day after the business opens to the public and remains open to the public), and Tenant fails to cure such default within any applicable cure period, the Village shall have a right of first refusal to acquire the Property for a period of five (5) years from the date of the commencement of operation. Developer shall deliver to the Village a complete copy of any offer from a third party to acquire the Property ("Third Party Offer"). The Village shall have thirty (30) days from the delivery of a Third Party Offer to notify the Developer that it will acquire the Property upon the same terms and conditions as the Third Party Offer. Within ten (10) business days after the Village shall so notify Developer, Village and Developer shall execute a Purchase Agreement incorporating the terms of the Third Party Offer. Failure to notify Developer of its intent to exercise its right of first refusal within said time period shall constitute a forfeiture of the Village's rights of first refusal. In the event the Third Party Offer is not closed, the Village's right of First Refusal is

deemed to be reinstated.

10.8 Disclosure. Concurrently with execution of this Agreement, Developer and Tenant shall disclose to the Village the names, addresses and ownership interests of all Persons that comprise Developer, including all members of the limited liability company. The Developer and Tenant shall disclose the same information to the Village prior to Village issuance of any construction related permit. At the time of execution of this Agreement and prior to Village issuance of any construction related permit, no change shall be made in the persons comprising Developer or Tenant or in their ownership interests without the consent of the Village, which consent shall not be unreasonably withheld or delayed; provided, however, that consent shall not be required for the transfer of any interest in Developer or Tenant to any individual or entity that has been approved by Harley-Davidson Motor Company ("HDMC") as an owner and/or dealer principal. All changes made in the persons comprising Developer or Tenant or in their ownership interests shall be disclosed to the Village during the term of this Agreement.

10.9 Open Book Project. Developer's Project shall be an "open book" project meaning that Developer and the general contractor (or contractors, if more than one) will assure continuing access to the Village's agents for the purpose of reviewing and auditing their respective books and records relating to any item necessary to determine the costs of the Project; provided, however, that all such access shall be limited to normal business hours upon reasonable prior notice and shall not occur more frequently than once per calendar quarter. The foregoing Village review rights shall terminate one (1) year after the issuance of the final certificate of occupancy with respect to costs for the Project, unless the Developer has failed to make available any such books and/or records requested in writing by the Village. Developer shall provide to the Village copies of any partnership, limited liability

06-28-07
Execution Version

operating agreements or joint venture agreements pertaining to the Property to which the Developer is a party; provided that the Developer may, (if Developer has previously provided the Village not less than thirty (30) days to review such confidential financial materials), remove from the copies of such agreements any confidential financial information previously disclosed to the Village and not since changed in form or substance and the Village shall keep such agreements confidential, to the maximum extent permitted by law. Failure to provide the documents or allow review of the books within fifteen (15) days after request by the Village shall be an Event of Default. Developer shall exercise prudence and good faith in attempting to contract with persons or entities who are reputable and experienced in their respective areas for the provision of services or material for the design and construction of Project at costs not in excess of market rates. The general contractor (or general contractors) designated by Developer shall be experienced and reputable.

10.10 Assignment of Agreement This Agreement is not assignable except for Permitted Transfers (as hereinafter defined), until completion of the Project. Notwithstanding anything in this Section 10.10, no part of this Section 10.10 shall require the Village's consent to the collateral assignment hereof to Developer's construction lender or permanent lender, if required thereby or to a Permitted Transfer. During the five (5) year period subsequent to completion of the Project, as evidenced by a certificate of completion, Developer and/or Tenant shall give notice of any proposed assignment to the Village (other than a Permitted Transfer), and the Village Council shall have thirty (30) days to accept or reject such assignee in its reasonable discretion.

10.11 No Transfer or Additional Encumbrances. Prior to issuance of a certificate of completion for the Project no portion of the Project shall be transferred or conveyed (other

than Permitted Transfers). Developer shall in any event notify the Village of any transfer of any interest in the Project other than transfers to an Affiliate of Developer or to an HDMC Approved Party ("Permitted Transfers"); as used herein, an "Affiliate of Developer" shall mean an entity which controls, is controlled by, or is under common control with Developer and which has the same manager, members, partners or shareholders owning in the aggregate, more than fifty percent (50%) of the ownership interests in Developer owning more than fifty percent (50%) of the ownership interests in said Affiliate and "HDMC Approved Party" shall mean an individual or entity that has been approved by HDMC as an owner and/or dealer principal for the operation of a Harley-Davidson dealership on the Property; and as used herein, "control" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities or rights, by contract, or otherwise. Developer shall not be required to obtain Village review, approval or consent to any Permitted Transfer. The Village shall have no duty to return any letters of credit or security posted in connection with the portion of the Project so transferred until substitute security acceptable to the Village is received.

ARTICLE ELEVEN

ADHERENCE TO VILLAGE CODES AND ORDINANCES

All development and construction of the Project shall comply in all respects with the provisions in the Building, Plumbing, Mechanical, Electrical, Storm Water Management, Fire Prevention, Property Maintenance, Zoning and Subdivision Codes of the Village and all other germane codes and ordinances of the Village in effect on the date that an application for the first full building permit for the Project is filed, unless otherwise mandated by State

law. Developer and Tenant have examined and are familiar with and agree that their development of the Project shall be performed in accordance with all the covenants, conditions, restrictions, building regulations, zoning ordinances, property maintenance regulations, environmental regulations and land use regulations, codes, ordinances, federal, state and local ordinances affecting the Project.

ARTICLE TWELVE

REPRESENTATIONS AND WARRANTIES OF DEVELOPER AND TENANT

Developer and Tenant represent, warrant and agree as the basis for the undertakings on its part herein contained that as of the date hereof and until completion of the Project:

12.1 Organization and Authorization. Developer is an Illinois Limited Liability Company authorized to do business in Illinois and existing under the laws of the State of Illinois and Tenant is an Illinois corporation authorized to do business in Illinois and existing under the laws of the State of Illinois. Developer and Tenant are authorized to and have the power to enter into, and by proper action have been duly authorized to execute, deliver and perform, this Agreement. Developer and Tenant are solvent, able to pay their debts as they mature and financially able to perform all the terms of this Agreement. To Developer's and Tenant's knowledge, there are no actions at law or similar proceedings which are pending or threatened against Developer or Tenant respectively, which would materially and adversely affect the ability of Developer or Tenant respectively to proceed with the construction and development of the Project.

12.2 Non-Conflict or Breach. Neither the execution and delivery of this Agreement by Developer and by Tenant, the consummation of the transactions contemplated hereby by Developer and by Tenant, nor the fulfillment of or compliance with the terms and conditions of this Agreement by Developer and Tenant conflict with or results in a breach of

06-28-07
Execution Version

any of the terms, conditions or provisions of any offerings or disclosure statement made or to be made on behalf of Developer or Tenant (with Developer's or Tenant's prior written approval), any organizational documents, any restriction, agreement or instrument to which Developer, Tenant or any of its partners or venturers is now a party or by which Developer, Tenant or any of its partners or its venturers is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any prohibited lien, charge or encumbrance whatsoever upon any of the assets or rights of Developer or Tenant, any related party or any of its venturers under the terms of any instrument or agreement to which Developer, Tenant, any related party or any of its partners or venturers is now a party or by which Developer, Tenant, any related party or any of its venturers is bound.

12.3 Location of Project. The Project will be located entirely within the Property, except for Off-Site Public Improvements if any.

12.4 Financial Resources. Developer, Tenant, and any Affiliate to which portions of this Agreement are assigned has sufficient financial and economic resources to implement and complete Developer's or Tenant's respective obligations contained in this Agreement.

12.5 Limit on Use of Land as Security. Developer's right to use the land as security for financing purposes shall be subject to the restrictions contained in this Agreement. Violation of this covenant shall constitute an Event of Default.

ARTICLE THIRTEEN

REPRESENTATIONS AND WARRANTIES OF THE VILLAGE.

The Village represents, warrants and agrees as the basis for the undertakings on its part herein contained that:

13.1 Organization and Authority. The Village is a municipal corporation duly organized and validly existing under the law of the State of Illinois, is a home rule unit of

06-28-07
Execution Version

government, and has all requisite corporate power and authority to enter into this Agreement.

13.2 Authorization. The execution, delivery and the performance of this Agreement and the consummation by the Village of the transactions provided for herein and the compliance with the provisions of this Agreement: (i) have been duly authorized by all necessary corporate action on the part of the Village, (ii) require no other consents, approvals or authorizations on the part of the Village in connection with the Village's execution and delivery of this Agreement, and (iii) shall not, by lapse of time, giving of notice or otherwise result in any breach of any term, condition or provision of any indenture, agreement or other instrument to which the Village is subject.

13.3 Litigation. To the best of the Village's knowledge, there are no proceedings pending or threatened against or affecting the Village or the Rand Road Corridor Redevelopment Project Area in any court or before any governmental authority which involves the possibility of materially or adversely affecting the ability of the Village to perform its obligations under this Agreement.

13.4 Connections. The Village hereby agrees to permit the connection of all water lines, sanitary and storm sewer lines or Village utility lines existing or constructed in the Property or near the perimeter of the Property as set forth on the Final Plans, provided that Developer complies with all requirements of general applicability promulgated by the Village for such connections. Village shall grant utility easements as may be necessary or appropriate to accommodate the utilities shown on the Final Plans.

ARTICLE FOURTEEN

LIABILITY AND RISK INSURANCE.

14.1 Liability Insurance Prior to Completion. Prior to the issuance of any building or

06-28-07
Execution Version

site development permit the Developer (or Developer's contractor) shall procure and deliver to the Village, at Developer's (or such contractor's) cost and expense, and shall maintain in full force and effect until each and every obligation of Developer contained herein has been fully paid, or performed, a policy or policies of comprehensive liability insurance and, during any period of construction, contractor's liability insurance and worker's compensation insurance, with liability coverage under the comprehensive liability insurance to be not less than Two Million and no/100 Dollars (\$2,000,000.00) each occurrence and Five Million and no/100 Dollars (\$5,000,000.00) total. All such policies shall be in such form and issued by such companies as shall be acceptable to the Village to protect the Village and Developer against any liability incidental to the use of or resulting from any claim for injury or damage occurring in or about the Project on the Property, or the construction and improvement thereof by Developer. Each such policy shall name the Village as an additional insured and shall contain an affirmative statement by the issuer that it will give written notice to the Village at least thirty (30) days prior to any cancellation or amendment of its policy. Developer may satisfy its insurance obligations in this **Article Fourteen** by way of a blanket policy or policies which includes other liabilities, properties and locations having a general policy aggregate of at least Ten Million and no/100 Dollars (\$10,000,000.00). Developer shall provide to the Village a replacement certificate not less than 30 days prior to expiration of any policy.

14.2 Builder's Risk Prior to Completion. Prior to completion of the construction of the Project on the Property, as certified by the Village, Developer shall keep in force at all times builders risk insurance on a completed value basis, in non-reporting form, against all risks of physical loss, including collapse, covering the total value of work performed and equipment, supplies and materials furnished for the Project (including on-site stored

materials), all as to work by Developer. Such insurance policies shall be issued by companies satisfactory to the Village. All such policies shall contain a provision that the same will not be canceled or modified without prior thirty-(30) day written notice to the Village.

ARTICLE FIFTEEN

Intentionally Deleted

ARTICLE SIXTEEN

EVENTS OF DEFAULT AND REMEDIES.

16.1 Developer and Tenant Events of Default. The following shall be Events of Default with respect to this Agreement:

a. If any representation made by Developer or Tenant in this Agreement, or in any certificate, notice, demand or request made by a Party hereto, in writing and delivered to the Village pursuant to or in connection with any of said documents, shall prove to be untrue or incorrect in any material respect as of the date made; provided, however, that such default shall constitute an Event of Default only if Developer or Tenant respectively does not remedy the default, within fifteen (15) days after written notice from the Village.

b. Default by Developer or Tenant for a period of fifteen (15) days after written notice thereof in the performance or breach of any covenant contained in this Agreement concerning the existence, structure or financial condition of Developer or Tenant; provided, however, that such default or breach shall not constitute an Event of Default if such default cannot be cured within said fifteen (15) days and Developer or Tenant, within said fifteen (15) days, initiates and diligently pursues appropriate measures to remedy the default and in any event cures such default within sixty (60) days after such notice.

c. Default by Developer or Tenant in the performance or breach of any

covenant, warranty or obligation contained in this Agreement; provided, however, that such default shall not constitute an Event of Default if such default cannot be cured within said fifteen (15) days and the Developer or Tenant, within said fifteen (15) days initiates and diligently pursues appropriate measures to remedy the default and in any event cures such default within sixty (60) days after such notice. Notwithstanding anything herein to the contrary, but subject to any delays resulting from Uncontrollable Circumstances or a Military Deployment, in the event a "Default Date" as defined in Exhibit B is missed, the Village may immediately draw on the LOC, without rights of Developer to cure.

d. The entry of a decree or order for relief by a court having jurisdiction in the premises in respect of Developer or Tenant in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of Developer or Tenant for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days.

e. The commencement by Developer or Tenant of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by Developer or Tenant to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of Developer or Tenant or of any substantial part of the Property, or the making by any such entity of any assignment for the benefit of creditors or the failure of Developer or Tenant generally to pay such entity's debts as such debts become due or the taking of action by Developer or Tenant in furtherance of any of

the foregoing, or a petition is filed in bankruptcy by others.

- f. Failure to have funds to meet Developer's or Tenant's obligations.
- g. Failure to renew or extend the LOC referenced in **Section 9.6** or **Section 9.22** thirty (30) or more days prior to its expiry (in which event the Village may draw the full amount of the LOC).
- h. Sale, assignment, or transfer of the Project except in accordance with this Agreement.
- i. Change in the Developer or Tenant (other than pursuant to a Permitted Transfer).
- j. Developer abandons the Project on the Property. Abandonment shall be deemed to have occurred when work stops on the Property for more than thirty (30) days for any reason other than Uncontrollable Circumstances or Military Deployment.
- l. Developer or Tenant fails to comply with applicable governmental codes and regulations in relation to the construction and maintenance of the buildings contemplated by this Agreement and such failure continues for more than fifteen (15) days after written notice thereof from the Village; provided, however, that such default or breach shall not constitute an Event of Default if such default cannot be cured within said fifteen (15) days and Developer or Tenant, within said fifteen (15) days, initiates and diligently pursues appropriate measures to remedy the default and in any event cures such default within sixty (60) days after such notice.. The maintenance requirement of this provision shall not be covered by and shall survive any Certificate of Completion or Estoppel Certificate of any kind issued during the term of this Agreement.
- m. A representation or warranty of Developer or Tenant is not true for a period of fifteen (15) days after written notice from the Village; provided, however, that such

06-28-07
Execution Version

default or breach shall not constitute an Event of Default if such default cannot be cured within said fifteen (15) days and Developer or Tenant, within said fifteen (15) days, initiates and diligently pursues appropriate measures to remedy the default and in any event cures such default within sixty (60) days after such notice.

16.2 Village Events of Default. The following shall be Events of Default with respect to this Agreement:

a. if any material representation made by the Village in this Agreement, or in any certificate, notice, demand or request made by a party hereto, in writing and delivered to Developer pursuant to or in connection with any of said documents, shall prove to be untrue or incorrect in any material respect as of the date made; provided, however, that such default shall constitute an Event of Default only if the Village does not remedy the default, within fifteen(15) days after written notice from Developer.

b. default by the Village in the performance or breach of any material covenant contained in this Agreement concerning the existence, structure or financial condition of the Village; provided, however, that such default or breach shall constitute an Event of Default if the Village does not, within fifteen (15) days after written notice from Developer, initiate and diligently pursue appropriate measures to remedy the default.

c. default by the Village in the performance or breach of any material covenant, warranty or obligation contained in this Agreement; provided, however, that such default shall not constitute an Event of Default if the Village, commences cure within fifteen (15) days after written notice from Developer and in any event cures such default within sixty (60) days after such notice, subject to Uncontrollable Circumstances.

d. failure to have funds to meet the Village's obligations.

16.3 Remedies for Default In the case of an Event of Default hereunder:

a. The defaulting party shall, upon written notice from the non-defaulting party, take immediate action to cure or remedy such Event of Default. If, in such case, any monetary Event of Default is not cured, or if in the case of a non-monetary Event of Default, except for circumstances contemplated under **Section 16.1-a**, action is not taken or not diligently pursued, or if action is taken and diligently pursued but such Event of Default or breach shall not be cured or remedied within a reasonable time, but in no event more than fifteen (15) additional days unless extended by mutual agreement, the non-defaulting party may institute such proceedings as may be necessary or desirable in its opinion to cure or remedy such default or breach, including, but not limited to, proceedings to compel specific performance of the defaulting party's obligations under this Agreement.

b. In case the Village shall have proceeded to enforce its rights under this Agreement and such proceedings shall have been discontinued or abandoned for any reason, then, and in every such case, Developer, Tenant and the Village shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of Developer, Tenant and the Village shall continue as though no such proceedings had been taken.

c. In the case of an Event of Default by Developer or Tenant, in addition to any other remedies at law or in equity, the Village shall be relieved of its obligations under this Agreement, including but not limited to its obligations to accord Developer, "exclusive" developer status as set forth in **Article Five**.

d. Subject to any delays resulting from Uncontrollable Circumstances or a Military Deployment, in the event a "Default Date" as defined in **Exhibit B** is missed, the Village may immediately draw on the LOC, without rights of Developer to cure.

16.4 Agreement to Pay Attorneys' Fees and Expenses. In the event an Event of Default is

not cured within the applicable cure periods and the Parties employ an attorney or attorneys or incur other expenses for the collection of the payments due under this Agreement or the enforcement of performance or observance of any obligation or agreement herein contained, the non-prevailing party shall pay, on demand, the prevailing party's reasonable fees of such attorneys and such other reasonable expenses in connection with such enforcement action. The Village's duty to pay shall be subject to the Illinois Prompt Payment Act.

16.5 No Waiver by Delay or Otherwise. Any delay by either party in instituting or prosecuting any actions or proceedings or otherwise asserting its rights under this Agreement shall not operate to act as a waiver of such rights or to deprive it of or limit such rights in any way (it being the intent of this provision that neither party should be deprived of or limited in the exercise of the remedies provided in this Agreement because of concepts of waiver, laches or otherwise); nor shall any waiver in fact made with respect to any specific Event of Default be considered or treated as a waiver of the rights by the waiving party of any future Event of Default hereunder, except to the extent specifically waived in writing. No waiver made with respect to the performance, nor the manner or time thereof, of any obligation or any condition under the Agreement shall be considered a waiver of any rights except if expressly waived in writing.

16.6 Rights and Remedies Cumulative. The rights and remedies of the Parties to this Agreement, whether provided by law or by this Agreement, shall be cumulative, and the exercise of any one or more of such remedies shall not preclude the exercise by such Party, at that time or different times, of any other such remedies for the same Event of Default.

ARTICLE SEVENTEEN

EQUAL EMPLOYMENT OPPORTUNITY

17.1 No Discrimination Developer will not discriminate against any employee or applicant for employment on the basis of race, color, religion, sex or national origin. To the fullest extent permitted by law, Developer will take affirmative action to ensure that applicants are employed and treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, transfer, recruitment, recruitment advertising, layoff, termination, rate of pay or other forms of compensation and selection for training, including apprenticeship. Developer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Village setting forth the provisions of this nondiscrimination clause.

17.2 Advertisements Developer will, in all solicitations or advertisements for employees placed by or on behalf of Developer, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

17.3 Contractors. Any contracts made by Developer with any general contractor, agent, employee, independent contractor or any other Person in connection with Developer's Project shall contain language similar to that recited in **Sections 17.1 and 17.2** above.

ARTICLE EIGHTEEN

MISCELLANEOUS PROVISIONS.

18.1 Cancellation. In the event Developer or the Village shall be prohibited, in any material respect, from performing covenants and agreements or enjoying the rights and privileges herein contained, or contained in the Redevelopment Plan, including Developer's

06-28-07
Execution Version

duty to build the Project, by the order of any court of competent jurisdiction, or in the event that all or any part of the Act or any ordinance adopted by the Village in connection with the Project, shall be declared invalid or unconstitutional, in whole or in part, by a final decision of a court of competent jurisdiction and such declaration shall materially affect the Redevelopment Plan or the covenants and agreements or rights and privileges of Developer or the Village, then and in any such event, the party so materially affected may, at its election, cancel or terminate this Agreement in whole or in part (with respect to that portion of the Project materially affected) by giving written notice thereof to the other prior to Developer closing on the Property. If the Village terminates this Agreement pursuant to this Section 18.1, to the extent it is then appropriate, the Village, at its option, may also terminate its duties, obligation and liability under all or any related documents and agreements. In the event of any termination/cancellation, the letter of credit shall be released to the Developer only if the termination/cancellation is not a result of Developer's fault, in which case the Letter of Credit shall be released to the Village.

18.2 Notices. All notices, certificates, approvals, consents or other communications desired or required to be given hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service, (b) overnight courier, or (c) registered or certified first class mail, postage prepaid, return receipt requested.

If to Village: Village of Palatine
200 E Wood Street
Palatine, IL 60067
Attn: Village Clerk

With a copy to: Village of Palatine
200 E Wood Street
Palatine, IL 60067
Attn: Village Manager

06-28-07
Execution Version

With a copy to: Schain, Burney, Ross & Citron, Ltd.
222 N. LaSalle Street, Suite 1910
Chicago, IL 60601
Attn: Robert C. Kenny

If to Developer: Lone Star-Cardinal Motorcycle Ventures IV,
LLC

or Tenant OAG Motorcycle Ventures, Inc.
d/b/a Suburban Harley-Davidson, INC
120 West North Avenue
Villa Park, Illinois 60181
Attention: Anthony Giglio

With a copy to: Wolfe, Wolfe & Ryd LLP
20 N. Wacker Drive, Suite 3550
Chicago, IL 60606
Attn: Stephen E. Ryd

The Parties, by notice hereunder, may designate any further or different addresses to which subsequent notices, certificates, approvals, consents or other communications shall be sent. Any notice, demand or request sent pursuant to clause (a) hereof shall be deemed received upon such personal service. Any notice, demand or request sent pursuant to clause (b) shall be deemed received on the day immediately following deposit with the overnight courier, and any notices, demands or requests sent pursuant to clause (c) shall be deemed received forty-eight (48) hours following deposit in the mail.

18.3 Time of the Essence. Time is of the essence of this Agreement.

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

18.5 Recordation of Agreement. The Parties agree to record this Agreement in the appropriate land or governmental records.

18.6 Severability. If any provision of this Agreement, or any section, sentence, clause, phrase or word, or the application thereof, in any circumstance, is held to be invalid, the

06-28-07
Execution Version

remainder of this Agreement shall be construed as if such invalid part were never included herein, and this Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

18.7 Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

18.8 Entire Contract and Amendments. This Agreement (together with the exhibits attached hereto) is the entire contract between the Village, Tenant and Developer relating to the subject matter hereof, supersedes all prior and contemporaneous negotiations, understandings and agreements, written or oral, between the Village, Tenant and Developer, and may not be modified or amended except by a written instrument executed by the Parties hereto.

18.9 Third Parties. Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any other persons other than the Village, Tenant and Developer, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to either the Village, Tenant or Developer, nor shall any provision give any third parties any rights of subrogation or action over or against either the Village, Tenant or Developer. This Agreement is not intended to and does not create any third party beneficiary rights whatsoever.

18.10 Waiver. Any party to this Agreement may elect to waive any right or remedy it may enjoy hereunder, provided that no such waiver shall be deemed to exist unless such waiver is in writing. No such waiver shall obligate the waiver of any other right or remedy hereunder, or shall be deemed to constitute a waiver of other rights and remedies provided pursuant to this Agreement.

18.11 Cooperation and Further Assurances. The Village, Tenant and Developer each covenants and agrees that each will do, execute, acknowledge and deliver or cause to be done, executed and delivered, such agreements, instruments and documents supplemental hereto and such further acts, instruments, pledges and transfers as may be reasonably required for the better clarifying, assuring, mortgaging, conveying, transferring, pledging, assigning and confirming unto the Village, Tenant or Developer or other appropriate persons all and singular the rights, property and revenues covenanted, agreed, conveyed, assigned, transferred and pledged under or in respect of this Agreement.

18.12 Successors in Interest. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective authorized successors and assigns; provided, however, that, except as provided in Section 10.10 hereof, neither Developer nor the Tenant may assign their rights under this Agreement without the express written approval of the Village as set forth in Section 10.10. Notwithstanding anything herein to the contrary, the Village may not delegate its obligation hereunder or except as provided herein, transfer any interest in the Village Property without the express written approval of Developer and Tenant.

18.13 No Joint Venture, Agency or Partnership Created. Nothing in this Agreement, or any actions of the Parties to this Agreement, shall be construed by the Parties or any third person to create the relationship of a partnership, agency or joint venture between or among such parties.

18.14 No Personal Liability of Officials of Village or Developer. No covenant or agreement contained in this Agreement shall be deemed to be the covenant or agreement of the Mayor, Village Council member, Village Manager, any official, officer, partner, member, director, agent, employee or attorney of the Village or Developer, in his or her individual

06-28-07
Execution Version

capacity, and no official, officer, partner, member, director, agent, employee or attorney of the Village or Developer shall be liable personally under this Agreement or be subject to any personal liability or accountability by reason of or in connection with or arising out of the execution, delivery and performance of this Agreement, or any failure in that connection.

18.15 Repealer. To the extent that any ordinance, resolution, rule, order or provision of the Village's code of ordinances, or any part thereof, is in conflict with the provisions of this Agreement, the provisions of this Agreement shall be controlling, to the extent lawful.

18.16 Term. This Agreement shall remain in full force and effect for twenty-three (23) years from the date the Rand Road Corridor Redevelopment Project Area was created, unless the Redevelopment Plan with respect to the Project is extended or until termination of the Rand Road Corridor Redevelopment Project Area or until otherwise terminated pursuant to the terms of this Agreement. In the event that the Developer does not close on the Property on or before October 31, 2007 as contemplated in Section 7.1 of this Agreement, then at the election of either Developer or the Village this Agreement can be terminated by written notice to the other Party of its election to terminate the Agreement with each Party to cover their own costs.

18.17 Estoppel Certificates. Each of the parties hereto agrees to provide the other, upon not less than ten (10) business days prior request, a certificate ("Estoppel Certificate") certifying that this Agreement is in full force and effect (unless such is not the case, in which such parties shall specify the basis for such claim), that the requesting party is not in default of any term, provision or condition of this Agreement beyond any applicable notice and cure provision (or specifying each such claimed default) and certifying such other matters reasonably requested by the requesting party.

06-28-07
Execution Version

18.18 Municipal Limitations All municipal commitments are limited to the extent required by law.

ARTICLE NINETEEN

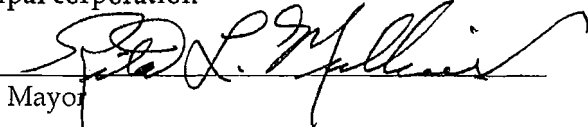
EFFECTIVENESS

The Effective Date for this Agreement shall be the day on which this Agreement is fully executed pursuant to a duly enacted Village ordinance authorizing the execution and adoption of this Agreement. Developer shall execute this Agreement not later than twenty one (21) days after the date at which the Village authorizes execution of this Agreement or else this Agreement will be deemed null and void and of no further effect.

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

VILLAGE

**VILLAGE OF PALATINE, an Illinois
municipal corporation**

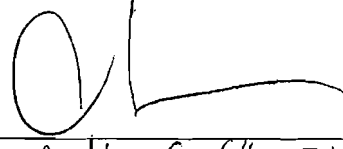
By: 
Its: Mayor

ATTEST:

By: 
Its: Village Clerk

DEVELOPER:

**LONE STAR-CARDINAL MOTORCYCLE
VENTURES IV, LLC**

By: 
Name: Anthony G. ("Ozzie") Gagliardi
Its: President

06-28-07
Execution Version

TENANT:

OAG MOTORCYCLE VENTURES, INC.

d/b/a SUBURBAN HARLEY-DAVIDSON, INC.

By: 

Name:

Anthony C. ("Ozzie") Giglio

Its:

President

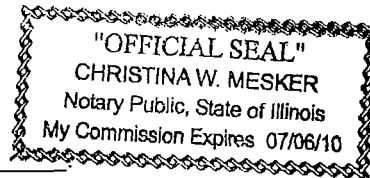
RCK\PALATINE\HARLEY RDA 06-28-07

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Christina W. Mesker, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Anthony G. "Ozzie" Giglio, President of Lone Star-Cardinal Motorcycle Ventures IV, LLC, an Illinois Limited Liability Company, who is 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 and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said Lone Star-Cardinal Motorcycle Ventures IV, LLC, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 28 day of June, 2007.

Christina W. Mesker
Notary Public



My commission expires 7/6/2010

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Christina W. Mesker, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Anthony G. "Ozzie" Giglio, President of OAG Motorcycle Ventures, Inc. d/b/a Suburban Harley-Davidson, Inc. an Illinois Corporation, who is 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 and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said OAG Motorcycle Ventures, Inc. for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 28 day of June, 2007.

Christina W. Mesker
Notary Public
My commission expires 7/6/2010



EXHIBITS

- EXHIBIT A Legal Description of Property
- EXHIBIT B Development Schedule
- EXHIBIT C Assumption Agreement
- EXHIBIT D SB Friedman Analysis

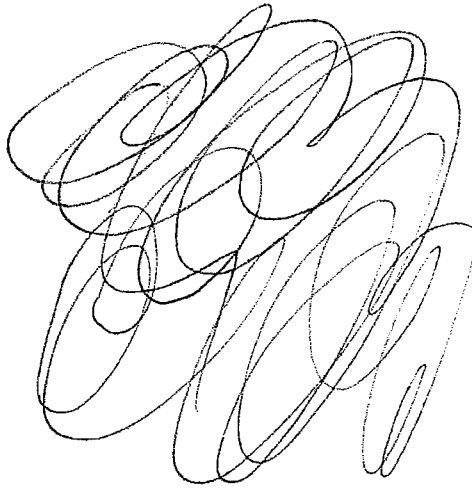
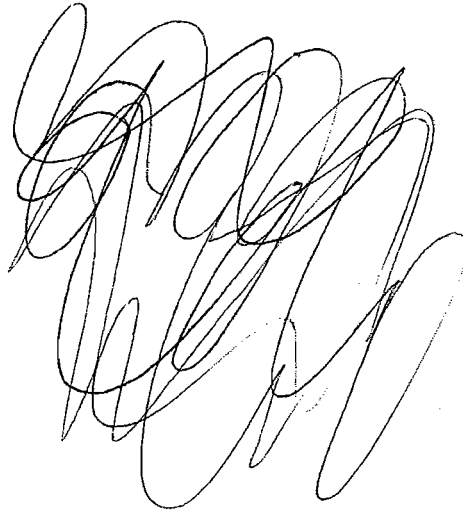


EXHIBIT A

Legal Description of Property



LEGAL DESCRIPTION
FOR 2009-2015 RAND ROAD, PALATINE, ILLINOIS

PARCEL 1:

THAT PART OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT INTERSECTION OF THE EAST AND WEST QUARTER LINE OF SAID SECTION WITH CENTER LINE OF RAND ROAD, SAID INTERSECTION BEING 1,514.39 FEET WEST OF EAST LINE OF SAID SECTION MEASURED ON SAID EAST AND WEST QUARTER LINE; THENCE SOUTHEAST ALONG CENTER LINE OF SAID RAND ROAD, SAID CENTER LINE FORMING AN ANGLE OF 47 DEGREES 30 SECONDS WITH EAST AND WEST QUARTER LINE OF SAID SECTION A DISTANCE OF 38.40 FEET TO AN ANGLE IN CENTER LINE OF SAID RAND ROAD; THENCE SOUTHEAST ALONG CENTER LINE OF RAND ROAD SAID CENTER LINE FORMING AN ANGLE OF 4 DEGREES 24 MINUTES 30 SECONDS TO RIGHT WITH A PROLONGATION OF LAST DESCRIBED COURSE FOR A DISTANCE OF 16.57 FEET TO A PLACE OF BEGINNING; THENCE SOUTHEAST ALONG SAID CENTERLINE OF RAND ROAD 100.00 FEET; THENCE NORTHEAST ON A LINE THAT FORMS AN ANGLE OF 94 DEGREES 24 MINUTES 30 SECONDS TO LEFT WITH A PROLONGATION OF LAST DESCRIBED COURSE A DISTANCE OF 739.87 FEET TO A POINT IN A LINE THAT IS 871.20 FEET WEST OF AND PARALLEL TO EAST LINE OF SAID SECTION; THENCE NORTH PARALLEL TO EAST LINE OF SAID SECTION 99.17 FEET TO A POINT THAT IS 835.88 FEET SOUTH OF NORTH LINE OF SOUTH HALF OF NORTHEAST QUARTER OF SAID SECTION; THENCE NORTHWEST ON A LINE THAT FORMS AN ANGLE OF 79 DEGREES 55 MINUTES 30 SECONDS TO LEFT WITH PROLONGATION OF LAST DESCRIBED COURSE A DISTANCE OF 33.52 FEET; THENCE SOUTHWEST 778.86 FEET TO PLACE OF BEGINNING, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

THAT PART OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT THE INTERSECTION OF THE EAST AND WEST QUARTER LINE OF SAID SECTION WITH CENTER LINE OF RAND ROAD, SAID INTERSECTION BEING 1,514.39 FEET WEST OF THE EAST LINE OF SAID SECTION MEASURED ON SAID EAST AND WEST QUARTER LINE; THENCE SOUTHEAST ALONG THE CENTER LINE OF SAID RAND ROAD, SAID CENTER LINE FORMING AN ANGLE OF 47 DEGREES 00 MINUTES 30 SECONDS WITH THE EAST AND WEST QUARTER LINE OF SAID SECTION A DISTANCE OF 38.40 FEET TO AN ANGLE IN THE CENTER OF RAND ROAD, SAID CENTER LINE FORMING AN ANGLE OF 4 DEGREES 24 MINUTES 30 SECONDS TO THE RIGHT WITH A PROLONGATION OF LAST DESCRIBED COURSE FOR A DISTANCE OF 116.57 FEET TO A PLACE OF BEGINNING; THENCE SOUTHEAST ALONG THE CENTERLINE OF RAND ROAD 100 FEET; THENCE NORTHEAST ON A LINE THAT FORMS AN ANGLE OF 94 DEGREES 24 MINUTES 30 SECONDS TO THE LEFT WITH A PROLONGATION OF LAST DESCRIBED COURSE A DISTANCE OF 656.10 FEET TO A POINT IN A LINE THAT IS 871.2 FEET WEST OF AND PARALLEL TO EAST LINE OF SAID SECTION; THENCE NORTH PARALLEL TO THE EAST LINE OF SAID SECTION 135.29 FEET; THENCE SOUTHWEST 739.87 FEET TO THE PLACE OF BEGINNING, IN COOK COUNTY, ILLINOIS.

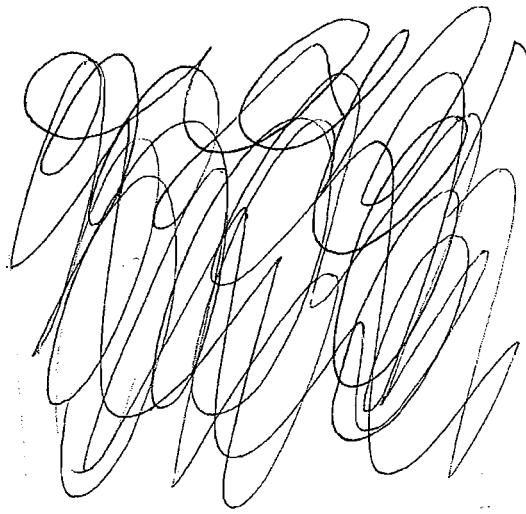
PARCEL 3:

THAT PART OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: COMMENCING AT THE INTERSECTION OF THE EAST AND WEST QUARTER LINE OF SAID SECTION, WITH CENTER LINE OF RAND ROAD, SAID INTERSECTION BEING 1,514.39 FEET WEST OF THE EAST LINE OF SAID SECTION, AS MEASURED ON SAID EAST AND WEST QUARTER LINE; THENCE SOUTHEAST ALONG THE CENTER LINE OF SAID RAND ROAD, SAID CENTER LINE FORMING AN ANGLE OF 47 DEGREES 00 MINUTES 30 SECONDS, AS MEASURED FROM EAST TO SOUTHEAST, WITH EAST AND WEST QUARTER LINE OF SAID SECTION, A DISTANCE OF 38.40 FEET TO AN ANGLE POINT IN THE CENTER LINE OF SAID RAND ROAD; THENCE SOUTHEAST ALONG THE CENTER OF RAND ROAD, SAID CENTER LINE FORMING AN ANGLE OF 04 DEGREES 24 MINUTES 30 SECONDS TO THE RIGHT WITH A PROLONGATION OF LAST DESCRIBED COURSE FOR A DISTANCE OF 218.57 FEET TO A POINT FOR THE PLACE OF BEGINNING; THENCE NORTHEASTERLY ON A LINE THAT FORMS AN ANGLE OF 94 DEGREES 24 MINUTES 30 SECONDS TO LEFT WITH A PROLONGATION OF LAST DESCRIBED COURSE A DISTANCE OF 656.10 FEET TO A POINT ON A LINE THAT IS 871.20 FEET WEST OF AND PARALLEL WITH THE EAST LINE OF SAID SECTION; THENCE SOUTH ALONG SAID LAST DESCRIBED PARALLEL LINE, 288.61 FEET; THENCE SOUTHEASTERLY ALONG A LINE THAT FORMS AN ANGLE OF 61 DEGREES 29 MINUTES 45 SECONDS TO THE RIGHT WITH A PROLONGATION OF THE LAST DESCRIBED COURSE, A DISTANCE OF 482.55 FEET TO THE CENTER LINE OF RAND ROAD; THENCE NORTHWESTERLY ALONG SAID CENTER LINE OF RAND ROAD, 95.90 FEET TO THE PLACE OF BEGINNING, EXCEPT THAT PART THEREOF TAKEN FOR RAND ROAD, IN COOK COUNTY, ILLINOIS.

PIN: 02-02-402-009, 02-02-402-005, 02-02-203-052, 02-02-203-054 and 02-02-203-018

EXHIBIT B

Development Schedule



DEVELOPMENT SCHEDULE

ACTION:	TARGET DATE:	DEFAULT DATE:	PENALTY:
Obtain Final PUD Approval	September 30, 2007	November 15, 2007	NONE
Close on Property	October 31, 2007	December 15, 2007	NONE
Apply for Building Permit H-D	June 30, 2008	September 30, 2008	\$25,000
Complete H-D Building Foundation	December 31, 2008	May 30, 2009	\$50,000
H-D Building Fully Enclosed (Under Roof & with all Windows and Exterior Doors)	November 30, 2009	December 31, 2009	\$50,000
Complete the Project and Open for Business	December 31, 2009	March 31, 2010	Subject to the provisions below

In addition to the schedule and associated penalties outlined above, the Developer shall be subject to a penalty of \$18,000 for each month, or prorated portion thereof, that the project's completion date extends beyond the default date of March 31, 2010. The total penalty amount shall either be deducted from the Village's final principal and interest payment per section 8.6 or shall be paid by the Developer prior to the issuance of a Temporary or Final Certificate of Occupancy.

Note: All of the dates outlined above are subject to the provisions outlined within Section 7.3, entitled "Deployment due to Military Obligations" of this agreement.

EXHIBIT C

Assumption Agreement

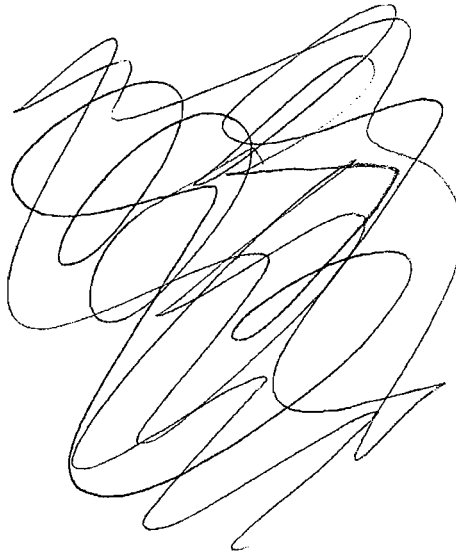


EXHIBIT D
SB Friedman Analysis



Village of Palatine- Harley Davidson Relocation
Project to be Completed & Occupied in Dec 2009 and Fully Assessed in 2010
TIF Projections - For Proposed Site Only

DRAFT
6/28/2007

Project/Location	Project Description
Harley Davidson Facility (no Restaurant)	Relocation of Palatine Harley Davidson site to Rand Road and Spence (Northeast side)

MASTER ASSUMPTIONS LIST	
Annual Inflation Rate	3%
Demolition	
Demolition Start Year	2009
Demolition Duration (Yrs.)	1
Assessment and Taxation	
2005 Equalization Factor	2.7320
2005 Tax Rate - TC 29153	8.107%
2005 Tax Rate - TC 29154	8.107%
Assessment Schedule	Retail
Percentage Newly Assessed in	2007 0.0%
Percentage Newly Assessed in	2008 0.0%
Percentage Newly Assessed in	2009 50.0%
Percentage Newly Assessed in	2010 50.0%
Total	100.0%

DEDUCTIONS				
Existing PLYs	2004 Frozen EAV	2006 AV	2006 EAV	
02-02-102-009	\$41,246	\$61,437	\$167,901	
02-02-102-005	\$25,531	\$17,226	\$47,061	
02-02-203-018	\$38,083	\$72,707	\$198,636	
02-02-203-052	\$51,967	\$26,123	\$71,368	
02-02-203-054	\$10,761	\$24,418	\$66,710	
Total Deduction	\$140,588	\$201,911	\$554,676	

Year	Triennial Reassess.	Projected EAV Deducted Parcels	Assumed EAV Deduction Per Phase	Cumulative EAV Deduction
2000	0.00%	\$	\$	\$
2001	0.27%	\$ 140,588	\$	\$
2002	0.00%	\$ 140,588	\$	\$
2003	0.00%	\$ 140,588	\$	\$
2004	0.27%	\$ 133,624	\$	\$
2005	0.00%	\$ 133,624	\$	\$
2006	0.00%	\$ 351,675	\$	\$
2007	0.27%	\$ 602,831	\$	\$
2008	0.00%	\$ 602,831	\$	\$
2009	0.00%	\$ 602,831	\$ 602,831	\$ 602,831
2010	0.27%	\$ 658,729	\$	\$ 658,729
2011	0.00%	\$ 658,729	\$	\$ 658,729
2012	0.00%	\$ 658,729	\$	\$ 658,729
2013	0.27%	\$ 719,811	\$	\$ 719,811
2014	0.00%	\$ 719,811	\$	\$ 719,811
2015	0.00%	\$ 719,811	\$	\$ 719,811
2016	0.27%	\$ 786,557	\$	\$ 786,557
2017	0.00%	\$ 786,557	\$	\$ 786,557
2018	0.00%	\$ 786,557	\$	\$ 786,557
2019	0.27%	\$ 859,492	\$	\$ 859,492
2020	0.00%	\$ 859,492	\$	\$ 859,492
2021	0.00%	\$ 859,492	\$	\$ 859,492
2022	0.27%	\$ 939,191	\$	\$ 939,191
2023	0.00%	\$ 939,191	\$	\$ 939,191
2024	0.00%	\$ 939,191	\$	\$ 939,191
2025	0.27%	\$ 1,026,279	\$	\$ 1,026,279
2026	0.00%	\$ 1,026,279	\$	\$ 1,026,279

Note: These projections are based on estimates, assumptions, and other information developed from research of the market, knowledge of the industry, and meetings during which we obtained certain information. Some assumptions are inevitable with no uncertainties, and anticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those shown here and the variations may be material.

6/28/2007

DEVELOPMENT PROGRAM

Retail							
Retail	Total SF	AV (psf of bldg)*	Total AV (065)	EAV (psf of bldg)*	Total EAV (065)	Total Taxes	Taxes psf of bldg
New Harley Davidson Site	40,000	\$ 24.08	\$ 963,200	\$ 65.78	\$ 2,631,200	\$ 213,311	\$ 5.33
Total Retail Additions (2006 Dollars)	40,000	\$ 24.08	\$ 963,200	\$ 65.78	\$ 2,631,200	\$ 213,311	\$ 5.33

Retail							
Retail	Total SF	AV (psf of bldg)*	Total AV (105)	EAV (psf of bldg)*	Total EAV (105)		
New Harley Davidson Site	40,000	\$ 27.10	\$ 1,084,000	\$ 74.04	\$ 2,961,439		
Total Retail Additions (2010 Dollars)	40,000	\$ 27.10	\$ 1,084,000	\$ 74.04	\$ 2,961,439		

*EAV per square foot derived from comparable properties in Cook County

ADDITIONS

Year	Inflation Factor For Commercial	Triennial Reassessment	Retail Phasing	EAV Additions	
				Retail	EAV Addition
2000	N/A	0.00%	0.0%	\$ -	\$ -
2001	N/A	0.27%	0.0%	\$ -	\$ -
2002	N/A	0.00%	0.0%	\$ -	\$ -
2003	N/A	0.00%	0.0%	\$ -	\$ -
2004	N/A	0.27%	0.0%	\$ -	\$ -
2005	1.00	0.00%	0.0%	\$ -	\$ -
2006	1.00	0.00%	0.0%	\$ -	\$ -
2007	1.03	0.27%	0.0%	\$ -	\$ -
2008	1.06	0.00%	0.0%	\$ -	\$ -
2009	1.09	0.00%	50.0%	\$ 1,437,592	\$ 1,437,592
2010	1.13	0.27%	50.0%	\$ 1,480,719	\$ 3,021,613
2011	1.16	0.00%	0.0%	\$ -	\$ 3,051,615
2012	1.19	0.00%	0.0%	\$ -	\$ 3,051,615
2013	1.23	0.27%	0.0%	\$ -	\$ 3,334,582
2014	1.27	0.00%	0.0%	\$ -	\$ 3,334,582
2015	1.30	0.00%	0.0%	\$ -	\$ 3,334,582
2016	1.34	0.27%	0.0%	\$ -	\$ 3,643,787
2017	1.38	0.00%	0.0%	\$ -	\$ 3,643,787
2018	1.43	0.00%	0.0%	\$ -	\$ 3,643,787
2019	1.47	0.27%	0.0%	\$ -	\$ 3,981,665
2020	1.51	0.00%	0.0%	\$ -	\$ 3,981,665
2021	1.56	0.00%	0.0%	\$ -	\$ 3,981,665
2022	1.60	0.27%	0.0%	\$ -	\$ 4,350,873
2023	1.65	0.00%	0.0%	\$ -	\$ 4,350,873
2024	1.70	0.00%	0.0%	\$ -	\$ 4,350,873
2025	1.75	0.27%	0.0%	\$ -	\$ 4,754,316
2026	1.81	0.00%	0.0%	\$ -	\$ 4,754,316

Note: These projections are based on estimates, assumptions, and other information developed from research of the market, knowledge of the industry, and meetings during which we obtained certain information. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those shown here and the variations may be material.

6/28/2007

Table 2: Tax Increment Projections for Relocation of Harley Davidson to East Side of Rand Road (no restaurant) @ \$66 in EAV/SF

TIF Year	Year Assessed [1] [2]	Inflation Factor [3]	2001 EAV Base Value Proj. Site Only [4]	EAV Deductions [5]	EAV Additions [6]	Total Taxable EAV [7] [11]	Above Base				Incremental Value Above Base [8]	Tax Rate [9]	Projected Revenues (Year Received) Above Base	Revenues Collected (by 12/31) 100% [10]	Incremental Value Above 2006 EAV [9]
0	2000														
0	2001	0.27%	\$ 140,588	\$ -	\$ -	\$ 140,588									
0	2002	0.00%	\$ 140,588	\$ -	\$ -	\$ 140,588									
0	2003	0.00%	\$ 140,588	\$ -	\$ -	\$ 140,588									
1	2004	0.27%	\$ 153,624	\$ -	\$ -	\$ 153,624	\$ 13,036	\$ 8,289	\$ -	\$ -					
2	2005	0.00%	\$ 153,624	\$ -	\$ -	\$ 153,624	\$ 13,036	\$ 8,107	\$ 1,081	\$ 1,081					
3	2006	0.00%	\$ 551,675	\$ -	\$ -	\$ 551,675	\$ 411,087	\$ 8,269	\$ 1,057	\$ 1,057					
4	2007	0.27%	\$ 602,831	\$ -	\$ -	\$ 602,831	\$ 462,243	\$ 7,739	\$ -	\$ -					
5	2008	0.00%	\$ 602,831	\$ -	\$ -	\$ 602,831	\$ 462,243	\$ 7,873	\$ -	\$ -					
6	2009	0.00%	\$ 602,831	\$ -	\$ -	\$ 602,831	\$ 462,243	\$ 8,011	\$ -	\$ -					
7	2010	0.27%	\$ 658,729	\$ -	\$ -	\$ 658,729	\$ 505,165	\$ 7,496	\$ -	\$ -					
8	2011	0.00%	\$ 658,729	\$ -	\$ -	\$ 658,729	\$ 505,165	\$ 7,646	\$ -	\$ -					
9	2012	0.00%	\$ 658,729	\$ -	\$ -	\$ 658,729	\$ 505,165	\$ 7,799	\$ -	\$ -					
10	2013	0.27%	\$ 719,811	\$ -	\$ -	\$ 719,811	\$ 543,382	\$ 7,380	\$ -	\$ -					
11	2014	0.00%	\$ 719,811	\$ -	\$ -	\$ 719,811	\$ 543,382	\$ 7,439	\$ -	\$ -					
12	2015	0.00%	\$ 719,811	\$ -	\$ -	\$ 719,811	\$ 543,382	\$ 7,574	\$ -	\$ -					
13	2016	0.27%	\$ 786,557	\$ -	\$ -	\$ 786,557	\$ 583,787	\$ 7,070	\$ -	\$ -					
14	2017	0.00%	\$ 786,557	\$ -	\$ -	\$ 786,557	\$ 583,787	\$ 7,211	\$ -	\$ -					
15	2018	0.00%	\$ 786,557	\$ -	\$ -	\$ 786,557	\$ 583,787	\$ 7,355	\$ -	\$ -					
16	2019	0.27%	\$ 859,492	\$ -	\$ -	\$ 859,492	\$ 624,665	\$ 6,866	\$ -	\$ -					
17	2020	0.00%	\$ 859,492	\$ -	\$ -	\$ 859,492	\$ 624,665	\$ 7,003	\$ -	\$ -					
18	2021	0.00%	\$ 859,492	\$ -	\$ -	\$ 859,492	\$ 624,665	\$ 7,143	\$ -	\$ -					
19	2022	0.27%	\$ 939,191	\$ -	\$ -	\$ 939,191	\$ 666,873	\$ 6,668	\$ -	\$ -					
20	2023	0.00%	\$ 939,191	\$ -	\$ -	\$ 939,191	\$ 666,873	\$ 6,804	\$ -	\$ -					
21	2024	0.00%	\$ 939,191	\$ -	\$ -	\$ 939,191	\$ 666,873	\$ 6,937	\$ -	\$ -					
22	2025	0.27%	\$ 1,026,279	\$ -	\$ -	\$ 1,026,279	\$ 754,116	\$ 6,476	\$ -	\$ -					
23	2026	0.00%	\$ 1,026,279	\$ -	\$ -	\$ 1,026,279	\$ 754,116	\$ 6,605	\$ -	\$ -					
24	2027														
Total 2007-2027 (Not Discounted)													\$ 4,617,382	\$ 4,617,382	Total 2007-2027 (Not Discounted)
PV 2007-2027 @ 7.5%													\$ 1,936,758	\$ 1,936,758	PV 2007-2027 @ 7.5%
w/ Debt Coverage Ratio @ 1.25													\$ 1,549,407	\$ 1,549,407	w/ Debt Coverage Ratio @ 1.25
PV 2007-2027 @ 5.0%													\$ 2,538,502	\$ 2,538,502	PV 2007-2027 @ 5.0%
w/ Debt Coverage Ratio @ 1.25													\$ 2,022,801	\$ 2,022,801	w/ Debt Coverage Ratio @ 1.25

Source: S. B. Friedman & Company

[1] The TIF was established in 2003 with a base year of 2001

[2] Properties in the Village of Palatine are reassessed every third year beginning 2001

[3] 0% annual inflation is assumed to be applied annually

[4] 2001 Base EAV of site adjusted for inflation

[5] Deductions resulting from demolition or replacement

[6] Additions resulting from new development

[7] EAV after all adjustments

[8] Taxable EAV less Base EAV and 2006 EAV of site Only includes increment generated beyond 2006.

[9] The 2005 tax rate of 8.107%, is projected to decline throughout the life of TIF

[10] Tax revenues are collected one year after the taxing year at a 100% collection rate

Note: These projections are based on estimates, assumptions, and other information developed from research of the market, knowledge of the industry, and meetings during which we obtained certain information. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those shown here and the variations may be material.

ORDINANCE NO. 0-102-07

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE A REDEVELOPMENT
AGREEMENT BETWEEN THE VILLAGE OF PALATINE AND RAND RIDGE, LLC
FOR THE PROPERTY AT THE NORTHWEST CORNER OF
RAND ROAD & SPRUCE DRIVE**

PINs: 02-02-203-009--014
02-02-203-020--022

Village of Palatine
Village Clerk's Office
200 E. Wood Street
Palatine, IL 60067

Published in pamphlet form by authority of the
Mayor and Village Council of the Village of Palatine
on June 18, 2007

ORDINANCE NO. 0-102-07

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE A
REDEVELOPMENT AGREEMENT BETWEEN THE
VILLAGE OF PALATINE AND RAND RIDGE, LLC
FOR THE PROPERTY AT THE NORTHWEST CORNER OF
RAND ROAD & SPRUCE DRIVE**

WHEREAS, the Village of Palatine by Ordinance Nos. 0-23-03, 0-24-03, 0-25-03 and passed by the Mayor and Village Council on January 27, 2003 established a Tax Increment Financing District, adopted a Tax Increment Redevelopment Plan for Rand Road Corridor and designated a Redevelopment Project Area; and

WHEREAS, the Mayor and Village Council have on June 18, 2007 considered the proposed Redevelopment Agreement with Rand Ridge, LLC and have determined that entering into this Agreement furthers the purposes of the Tax Increment Financing District and the Redevelopment Plan for the Rand Road Corridor TIF District and furthers the public interest; and

NOW, THEREFORE, BE IT ORDAINED, by the Mayor and Village Council of the Village of Palatine, acting in the exercise of their home rule power that:

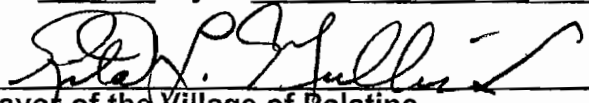
SECTION 1: The Village of Palatine hereby authorizes the Mayor to execute the Redevelopment Agreement, attached hereto as Exhibit "A", pursuant to the Tax Increment Financing Act, Section 65 ILCS 5/11-74/4-4(c) and authorizes the Mayor to execute any other supporting documents to the extent permitted by law.

SECTION 2: This Ordinance shall be in full force and effect upon passage and approval as provided by law.

PASSED: This 18 day of June, 2007


AYES: 6 NAYS: 0 ABSENT: 0 PASS: 0

APPROVED by me this 18 day of June, 2007.



Mayor of the Village of Palatine

ATTESTED and FILED in the office of the Village Clerk this 18 day of
June, 2007



Village Clerk

STATE OF ILLINOIS)
COUNTY OF COOK) SS

I, MARGARET R. DUER, do hereby certify that I am the duly elected, qualified and acting Clerk of the Village of Palatine, Cook County, Illinois, and that I am the keeper of the records, journals, entries, ordinances and resolutions of the said Village of Palatine.

I do further certify that the foregoing Ordinance is a true and correct copy of an Ordinance passed and adopted by the Village Council of the Village of Palatine at a Regular meeting held on the 18 day of June, 2007, and that said ordinance was deposited and filed in the office of the Village Clerk on the 18 day of June, 2007.


I do further certify that the original of which the foregoing is a true copy, is entrusted to my care for safekeeping and that I am the keeper of the same.

I further certify that the vote of the Village Council on the motion to adopt said ordinance was as follows:

AYES: 6 NAYS: 0 ABSENT: 0 PASS: 0

BY WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the Village of Palatine this 5 day of October, 2007.

(S E A L)



Margaret R. Duer
Palatine Village Clerk

REDEVELOPMENT AGREEMENT

THIS REDEVELOPMENT AGREEMENT (this "Agreement"), is made and entered into as of the 18 day of June, 2007 ("Agreement Date") by and between the **VILLAGE OF PALATINE, ILLINOIS**, an Illinois municipal home rule corporation, located in Cook County, Illinois (the "Village") and **RAND RIDGE LLC**, an Illinois limited liability company (the "Developer"). (The Village, and the Developer are sometimes referred to individually as a "Party" and collectively as the "Parties").

RECITALS

WHEREAS, the Village is a home rule unit of government in accordance with Article VII, Section 6, of the Constitution of the State of Illinois, 1970; and

WHEREAS, the Village has the authority, pursuant to the laws of the State of Illinois, to promote the health, safety and welfare of the Village and its inhabitants, to prevent the presence of blight, to encourage private development in order to enhance the local tax base, to increase additional tax revenues realized by the Village, foster increased economic activity within the Village, to increase employment opportunities within the Village, and to enter into contractual agreements with third parties for the purpose of achieving the aforesaid purposes, and otherwise be in the best interests of the Village; and

WHEREAS, to stimulate and induce redevelopment in the Rand Road Corridor pursuant to the Act, the Village created the Rand Road Corridor TIF District by adopting the following ordinances, after giving all notices required and after conducting the public hearings required by law:

1. Ordinance No. O-23-03, adopted January 27, 2003, titled "Ordinance Approving the Village of Palatine Cook County, Illinois, Rand Road Corridor Area Project Area Development Plan and Project;
2. Ordinance No. O-24-03 adopted January 27, 2003, titled "Ordinance Designating the Village of Palatine, Illinois, Rand Road Corridor Area Tax Increment Redevelopment Project Area" ("Rand Road Corridor Redevelopment Project Area");
3. Ordinance No. O-25-03, adopted January 27, 2003, titled "Ordinance Adopting Tax

Increment Financing for the Village of Palatine Rand Road Corridor Area Tax Increment Redevelopment Project Area in the Village of Palatine, Cook County, Illinois"; and

WHEREAS, the Village is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et seq., as amended (the "Act"), to finance redevelopment in accordance with the conditions and requirements set forth in the Act; and

WHEREAS, the Developer represents and warrants to Village that Developer, and its principals, are skilled in the development and operation of drive-through restaurants and are able to provide the Project with the necessary skill, knowledge and expertise as well as input from other experts and consultants in the construction and operation of such a Project; and

WHEREAS, Village, to facilitate redevelopment in the Rand Road Corridor TIF District, purchased a parcel of property (which includes the Property that is the subject of this Agreement), consisting of approximately five (5) acres located at the northwest corner of Rand Road and Spruce Drive within the designated Rand Road Corridor TIF District; and

WHEREAS, the Developer desires to own and redevelop a portion of said five (5) acre parcel of property consisting of approximately fifty-five thousand (55,000) square feet of land to construct a proposed Tore & Lukes drive-through restaurant and Miracle Corp, doing business as Tore & Luke's Restaurant, will operate said drive-through restaurant; and

WHEREAS, Village desires to sell and Developer desires to purchase said fifty-five thousand (55,000) square foot portion of said property ("Property"); and

WHEREAS, the Developer intends to file an application for a Planned Development to seek approval to construct a drive-through restaurant (the "Project" (as defined in **Article 2**), which the Village agrees to consider; and

WHEREAS, it is necessary for the successful completion of the Project (as defined in **Article 2**) that the Village enter into this Agreement with Developer to provide for the development of the Property, thereby implementing and bringing to completion a portion of the Redevelopment Plan; and

WHEREAS, the Project will help to revitalize commercial activity, will promote increased tax

revenue collections and enhance the redevelopment of the Rand Road Corridor TIF District; and

WHEREAS, the Developer has developed a plan to construct the Project consistent with the Rand Road Corridor Area Project Area Development Plan and Project; and

WHEREAS, Developer has been and continues to be unwilling to undertake the redevelopment of the Property but for certain tax increment financing ("TIF") incentives from the Village, which the Village is willing to provide under the terms and conditions contained herein; and

WHEREAS, the Village proposes to finance the cost of acquisition of the Property, which acquisition will serve a public purpose by reducing or eliminating conditions that, in part, qualify the Rand Road Corridor Redevelopment Project Area as a blighted area; and

WHEREAS, the Village proposes to finance its share of the costs to be incurred in connection with the foregoing acquisition by utilizing tax increment financing in accordance with the Act; and

WHEREAS, this Agreement has been submitted to the Corporate Authorities of the Village for consideration and review, the Corporate Authorities have taken all actions required to be taken prior to the execution of this Agreement in order to make the same binding upon the Village according to the terms hereof, and any and all actions of the Corporate Authorities of the Village precedent to the execution of this Agreement have been undertaken and performed in the manner required by law; and

WHEREAS, this Agreement has been submitted to the Manager of the Developer for consideration and review, the Members have taken all actions required to be taken prior to the execution of this Agreement in order to make the same binding upon the Developer according to the terms hereof, and any and all action of the Developer's Manager precedent to the execution of this Agreement have been undertaken and performed in the manner required by law.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

ARTICLE ONE

INCORPORATION OF RECITALS

The findings, representations and agreements set forth in the above Recitals are material to this Agreement and are hereby incorporated into and made a part of this Agreement as though fully set out in this **Article One**, and constitute findings, representations and agreements of the Village and of the Developer according to the tenor and import of the statements in such Recitals.

ARTICLE TWO

DEFINITIONS

For the purposes of this Agreement, unless the context clearly requires otherwise, words and terms used in this Agreement shall have the meanings provided from place to place herein, including above in the recitals hereto and as follows:

"Act" means the Tax Increment Allocation Redevelopment Act found at 65 ILCS 5-11-74.4-1, *et seq.*

"Agreement" means this Redevelopment Agreement.

"Certificate of Completion" means the document to be provided to Developer by Village, within thirty (30) days after written request from Developer and after Developer has provided all required waiver of liens and sworn statements necessary to comply with the Illinois Mechanics Lien Act or evidence of title insurance coverage over all such liens in favor of Developer or Construction Lender and has complied with all Village codes and with the obligations of this Agreement with respect to the construction of the Project and placement into operation of a Tore & Luke's Restaurant, which document states that Developer has completed and satisfied all construction terms, covenants and conditions contained in this Agreement. The final certificate of occupancy for the building shall be evidence of physical completion of the building.

"Change in Law" means the occurrence, after the Effective Date, of an event described below, provided (i) such event materially changes the costs or ability of the Party relying thereon to carry out its obligations under this Agreement and (ii) such event is not caused by the Party relying thereon. Change in

Law means any of the following: (i) the enactment, adoption, promulgation or modification of any federal, state or local law, ordinance, code, rule or regulation (other than by the Village or with respect to those made by the Village, only if they violate the terms of this Agreement); (ii) the order or judgment of any federal or state court, administrative agency or other governmental body; (iii) the imposition of any conditions on, or delays in, the issuance or renewal of any governmental license, approval or permit (or the suspension, termination, interruption, revocation, modification, denial or failure of issuance or renewal thereof) necessary for the undertaking of the services to be performed under this Agreement; or (iv) the adoption, promulgation, modification or interpretation in writing of a written guideline or policy statement by a governmental agency (other than the Village or with respect to those made by the Village, only if they violate the terms of this Agreement).

"Closing" means on or before _____, 2007 , which is the date on which Developer is to acquire title to the Property.

"Corporate Authorities" means the Village Mayor and Village Council of the Village of Palatine, Illinois.

"Day" means a calendar day.

"Developer" means Rand Ridge, LLC, an Illinois Limited Liability Company, or any successor in interest thereof permitted pursuant to **Section 19.13** hereof.

"Final Plans" means the final Planned Development plans submitted by Developer and approved by Village during the Final Planned Development approval process, which propose a drive-through restaurant.

"Off-Site Improvements" means those certain off-site improvements, including roadway and utilities, to be constructed by Developer at its sole cost and expense. Notwithstanding the foregoing, the Village shall be responsible to pay for improvements to Spruce Street, pursuant to the terms of **Section 8.8** herein.

"Party" means the Village and/or Developer and its successors and/or assigns as permitted herein, as the context requires.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, trust, or government or any agency or political subdivision thereof, or any agency or entity created or existing under the compact clause of the United States Constitution.

"Preliminary Plans" means the preliminary version of the drive-through restaurant as approved by the Village as part of the Planned Development process.

"Project" means the development, construction, financing, completion and operation of a drive-through restaurant building with approximately six thousand (6,000) square feet, in substantial conformance with the Final Planned Development Plans as approved by the Village. The restaurant is to be occupied and operated as a Tore and Luke's restaurant which will relocate its current operations from the southeast corner of the intersection of Rand and Hicks Roads, Palatine, Illinois to the Property on or before September 30, 2008.

"Property" means the approximately fifty-five thousand (55,000) square foot parcel of land legally described on **Exhibit A**, intended to be purchased by Developer upon which the Project will be implemented. To the extent that the Illinois Department of Transportation ("IDOT") requires a right of way dedication on Rand Road, the Village agrees to resubdivide the Property and add the same amount of square footage at the rear of the Property.

"Rand Ridge LLC" means the Developer under this Agreement.

"Rand Road Redevelopment Project Area" means the entire Rand Road Corridor TIF District created by the Ordinances adopted by the Village in 2003.

"Real Estate Sale Provisions" means those provisions set forth in Exhibit "B" attached hereto.

"Redevelopment Plan" means the "Redevelopment Plan" for the Rand Road Corridor as defined in the Village Ordinance No. O-23-03.

"Redevelopment Project Costs" means land acquisition costs authorized by the Act and this Agreement.

"Repurchase Closing Date" means the date the Village takes title to the Property pursuant to the provisions of **Section 7.3**.

"State" means the State of Illinois.

"TIF Eligible Expenses" means land acquisition as authorized to be reimbursed by the Act.

"TIF Ordinances" means Ordinances No. 's O-23-03, O-24-03 and O-25-03 all adopted by the Village on January 27, 2003, as described in the Recitals to this Agreement.

"TIF Revenue Stream" means the portion of the real property taxes collected with respect to the Property that is required to be paid to the Village Treasurer for deposit to the Tax Allocation Fund pursuant to Section 11-74.4-8 of the Act, as such provision may be amended from time to time, the proceeds of any other tax or other source of legally available revenue which the Village designates as "TIF Revenue Stream", and interest or other investment income earned on monies on deposit in the Tax Allocation Fund.

"Uncontrollable Circumstance" means any event which:

- (a) is beyond the reasonable control of and without the fault of the Party relying thereon; and
- (b) is one or more of the following events:
 - (i) a Change in Law;
 - (ii) insurrection, riot, civil disturbance, sabotage, act of the public enemy, explosion, nuclear incident, war or naval blockade;
 - (iii) epidemic, hurricane, tornado, landslide, earthquake, lightning, fire, windstorm, other extraordinary weather conditions or other similar Act of God;
 - (iv) governmental condemnation or taking other than by the Village;
 - (v) strikes or labor disputes, other than those caused by the acts of Developer or Tore & Luke's;
 - (vi) a shortage of materials not attributable to the Developer or Tore & Luke's;

Uncontrollable Circumstance shall not include: (1) economic hardship or impracticability of performance (except as described under Change of Law), (2) commercial or economic frustration of purpose, (except as described under Change of Law), (3) unavailability of materials, strikes or labor disputes caused by the acts of Developer or Tore & Luke's, or (4) a failure of performance by a contractor (except as caused by events which are Uncontrollable Circumstances as to the contractor).

"Village" means the Village of Palatine, Illinois, an Illinois municipal corporation.

ARTICLE THREE

CONSTRUCTION

This Agreement, except where the context by clear implication shall otherwise require, shall be construed and applied as follows:

- (a) Definitions include both singular and plural.
- (b) Pronouns include both singular and plural and cover all genders.
- (c) The word "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".
- (d) Headings of sections herein are solely for convenience of reference and do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.
- (e) All exhibits attached to this Agreement shall be and are operative provisions of this Agreement and shall be and are incorporated by reference in the context of use where mentioned and referenced in this Agreement. In the event of a conflict between any exhibit and the terms of this Agreement, the terms of this Agreement shall control.
- (f) Any certificate, letter or opinion required to be given pursuant to this Agreement means a signed document attesting to or acknowledging the circumstances, representations, opinions of law or other matters therein stated or set forth. Reference herein to supplemental agreements, certificates, demands, requests, approvals, consents, notices and the like means that such shall be in writing whether or not a writing is specifically mentioned in the context of use.

- (g) In connection herewith concerning written directions or authorization in respect of the investment of any funds, notwithstanding any provision hereof to the contrary, such direction or authorization orally by telephone, confirmed in writing, shall be appropriate and is hereby approved. Failure of the investing agent to actually receive such written confirmation shall not render invalid or ineffective any such oral direction or authorization.
- (h) The Village Manager, unless applicable law requires action by the Corporate Authorities, shall have the power and authority to make or grant or do those things, certificates, requests, demands, notices and other actions required that are ministerial in nature or described in this Agreement for and on behalf of the Village and with the effect of binding the Village as limited by and provided for in this Agreement. Developer is entitled to rely on the full power and authority of the persons executing this Agreement on behalf of the Village as having been properly and legally given by the Village.
- (i) In connection with the foregoing and other actions to be taken under this Agreement, and unless applicable documents require action by Developer in a different manner, Developer hereby designates Tore Gagliano as its authorized representative who shall individually have the power and authority to make or grant or do all things, supplemental agreements, certificates, requests, demands, approvals, consents, notices and other actions required or described in this Agreement for and on behalf of Developer and with the effect of binding Developer in that connection (such individual being an "Authorized Developer Representative"). Developer shall have the right to change its authorized Developer Representative by providing the Village with written notice of such change which notice shall be sent in accordance with **Section 19.2**.

ARTICLE FOUR
IMPLEMENTATION OF PROJECT

The Village and the Developer agree to cooperate in implementing the Project in accordance with the Parties respective obligations set forth in this Agreement. This Agreement and all of its terms is subject to Village adopting an ordinance granting Final Planned Development approval for the Project and Developer filing for and obtaining the required building permit to construct the Project. Developer shall have no rights to develop the Project unless and until Village adopts an ordinance granting Final Planned Development approval for the Project and issues the required building permit. Developer acknowledges and agrees that if Developer does not succeed in opening a Tore & Luke's Restaurant operated by Tore Gagliano, or his heirs, that Developer shall reimburse to Village the fair market value of the Property. Said reimbursement to be paid in full within forty-five (45) days of written notice from the Village.

ARTICLE FIVE
DESIGNATION OF DEVELOPER

The Village hereby designates Developer as the exclusive developer for the Property, subject to the terms of this Agreement and only so long as Developer is not in default of this Agreement after the expiration of all applicable cure periods. The Village hereby represents and warrants to Developer that the Village has taken all necessary actions and has complied with all requirements imposed by law including, but not limited to, the requirements of Section 5/11-74.4-4 (c) of the Act, required to be taken and met prior to the designation of Developer as the exclusive developer for the Property.

ARTICLE SIX
DEVELOPER'S ACCESS TO THE PROPERTY

Developer's rights to access the Property owned by Village for preparation of Developer's desired due diligence, soil tests, a land survey, topographical survey, and other required site preparation work has been set forth in a separate document entitled "License Agreement" by and between Village and Developer (the "License Agreement") which is attached as Exhibit "C".

days behind the time schedule to complete the Project, subject to Uncontrollable Circumstances or (b) if no substantial work is proceeding on the Project for a period of ninety (90) days after the target date set forth in **Exhibit D**, subject to Uncontrollable Circumstances, then any of such events shall constitute a default hereunder, and thereafter the Village Manager may notify the Developer in writing that the Village demands return (the "Return") of the Property (the "Return Notice"). If Developer does not cure such default within ten (10) business days of receipt of the Return Notice, then within thirty (30) days after the Developer's receipt of the Return Notice, Developer shall convey the Property to the Village for zero (\$00.00) Dollars subject only to such exceptions as were recorded against the Property when the Property was conveyed to Developer. Any mortgage encumbering the Property shall contain an express provision permitting such Return to the Village and an agreement of the Lender to release its lien on the Return Closing Date. In the event that there is an amount necessary to obtain releases of the construction loan or other liens, the Letter of Credit shall first be used to fully satisfy such amounts and if there are still balances payable on any such outstanding liens or encumbrances, the Developer shall pay the excess amount prior to the Return Closing Date. Developer shall convey the Property by warranty deed, shall assume any costs for title insurance in the amount of the original purchase price and Developer and Village shall execute such other customary title documents as are commonly used in similar commercial transactions in the Chicago, Illinois metropolitan area.

All of Developer's obligations in this Agreement shall be documented by Developer, to the satisfaction of the Village prior to Closing. Failure of the Developer to comply with these terms and conditions shall constitute an Event of Default as defined herein.

ARTICLE EIGHT

VILLAGE COVENANTS AND AGREEMENTS

8.1 Village's Redevelopment Obligations. The Village shall have the obligations set forth in this **Article Eight** in connection with the Project. Notwithstanding the obligations of this **Article Eight**, this Agreement shall not constitute a debt of the Village within the meaning of any constitutional statutory provision or limitation.

ARTICLE SEVEN

ACQUISITION OF THE PROPERTY

7.1 Acquisition of Property by Developer. The Village shall sell to Developer, and Developer shall purchase from Village all of the Village's right, title and interest to the Property, pursuant to the Real Estate Contract attached as Exhibit "B" hereto. Pursuant to the Real Estate Contract, the Developer shall deliver to the Village a Letter of Credit. Failure of Developer to post the Two Hundred Fifty Thousand (\$250,000.00) Dollar Letter of Credit required by the Real Estate Contract by Closing, will result in the Village not selling the Property to Developer and this Agreement shall be void and of no further force and effect. In that event the Village reserves the right to sell the Property to another entity, which shall not be deemed a default under this Agreement.

7.2 Use of Plans. In the event Developer fails to proceed with construction of the Project after Developer commences construction of the foundation or in the event that Village exercises its rights to repurchase under **Section 7.3**, Developer shall assign to Village, or as Village shall direct, all of its right, title and interest in the Preliminary and Final Plans for the Property (together with any other plans prepared for the restaurant subsequent to Planned Development approval), along with the express written consent to such assignment by all parties who created or generated any such Preliminary and Final Plans or any other plans prepared for the restaurant subsequent to the Planned Development approval. On the date of issuance of the building permit for the restaurant building, or at such earlier date that Village shall make such request, Developer shall deliver to Village letters from the architect, engineer and all other consultants that have provided development services to Developer that prepared the Preliminary and Final Plans or any other plans prepared for the restaurant subsequent to the Planned Development approval permitting Village or its assignee to use them, in accordance with this **Section 7.2**, without further charge. Village shall be responsible for any payments due the architect, engineer or other consultants for any of their respective services that occur following the foregoing assignment and that were agreed to in writing in advance by Village.

7.3 Repurchase by the Village of the Property. If: (a) the Developer falls more than ninety (90)

8.2 Village Funding. The Village may issue Bonds to fulfill the Village's obligations under this Article Eight.

8.3 Sale of Property. Subject to the Developer's satisfaction of the conditions set forth in this Agreement and in the Real Estate Contract, the Village shall sell the Property to the Developer pursuant to the Real Estate Contract attached as Exhibit "B". Failure of Developer to timely satisfy the conditions in this Agreement, shall fully release the Village from its duty to transfer the Property to the Developer.

8.4 Defense of TIF District. In the event that any court or governmental agency, having jurisdiction over enforcement of the Act and the subject matter contemplated by this Agreement, shall determine that this Agreement is contrary to law, or in the event that the legitimacy of the Rand Road Corridor Redevelopment Project Area is otherwise challenged before a court or governmental agency having jurisdiction thereof, the Village will, at its sole cost and expense, defend the integrity of the Rand Road Corridor Redevelopment Project Area and this Agreement. Developer will fully cooperate with the Village in connection with the foregoing, at no out-of-pocket cost to Developer, without reimbursement by the Village.

8.5 Cooperation with Other Permits. The Village agrees to cooperate with Developer in Developer's attempts to obtain all necessary approvals from any governmental or quasi-governmental entity other than the Village. The Village shall further promptly and expeditiously process and consider to the extent allowable under applicable law, any reasonable request of Developer for zoning and planned development approvals and for relief or variances from Village Zoning and Subdivision ordinances necessary for the construction of the Project.

8.6 Certificate of Occupancy. The Village shall not issue a temporary or final certificate of occupancy for the proposed restaurant unless and until Developer has vacated the property owned by Developer located at the northeast corner of Rand Road and Hicks Road, Palatine, Illinois ("Existing Restaurant"). It is the intent of the Parties that Developer shall construct the restaurant on the Property and vacate Developer's Existing Restaurant no later than September 30, 2008. The Parties agree to work together to facilitate occupancy at the proposed restaurant so that Developer's restaurant is closed for the

least possible days as a result of the transition from the Existing Restaurant to the new location.

8.7 Certificate of Completion. Within thirty (30) days after written request from Developer and after Developer has provided all required waiver of liens and sworn statements necessary to comply with the Illinois Mechanics Lien Act and has complied with all Village codes and with the obligations of this Agreement with respect to the construction of the Project, the Village shall deliver a certificate of completion and satisfaction of all construction terms, covenants and conditions contained in this Agreement or, if not complete or satisfied, what deficiencies exist.

8.8 Private Roadway Improvements. The Parties acknowledge that the road adjacent to the south border of the Property is a private road owned by third parties. The Parties also acknowledge that an access easement exists for the benefit of the Property pursuant to a Declaration and Grant of Easement by American National Bank and Trust Company, as Trustee under Trust Agreement dated February 3, 1978 and known as Trust No.1 42143. It is the intent of the Parties that the Village will seek approval from the owner of the easement premises to improve that portion the roadway adjacent to the Property in order to widen the roadway to a three lane cross section to provide for two exit lanes onto Rand Road and one entrance lane from Rand Road. The Village duty to construct the road widening is specifically subject to the owner(s) of the roadway easement agreeing to allow the Village to perform the roadway improvements. Developer agrees that upon request of the Village Manager, Developer shall construct the roadway improvements contemplated by this **Section 8.8** as part of Developer's site improvements for the Project so long as Village covers all such costs and expenses for the roadway improvements.

ARTICLE NINE

DEVELOPER'S COVENANTS AND AGREEMENTS

9.1 Developer's Redevelopment Obligations. Developer shall have the obligations set forth in this **Article Nine** for the development, construction, financing, completion and furtherance of the Project.

9.2 Purchase of the Property. The Developer hereby agrees to purchase the Property pursuant to the terms of Exhibit "B", plus or minus prorations and subject to the restrictions contained in the title policy.

9.3 Permit Application Deadlines. By August 1, 2007, Developer shall have applied for preliminary

and final planned development approval necessary to construct the Project in accordance with the Preliminary and Final Plans. Developer shall have obtained (and made all submittals requirements in conformance with Village codes) all building permits, curb-cut permits and other necessary land use and construction approvals as shall be necessary or appropriate to construct the Project in accordance with the Final Plans approved by the Village no later than November 1, 2007. Developer shall proceed with the application for permits and construction of the Project on the Property in accordance with the schedule set forth in **Exhibit D** hereto.

9.4 Construction Financing Deadline. As a condition precedent to the Village's transferring its right, title and interest to the Property, the Developer shall demonstrate to the Village's satisfaction that Developer has sufficient funds to pay the cost of the Project and any other obligations of Developer hereunder relating to the Property. Developer shall obtain a binding commitment, in form and content that is typical in the industry, for construction financing for the Project ("Construction Loan") to be constructed and shall provide to Village in accordance with the terms hereof and the Final Plans, and shall furnish evidence of such commitment prior to the Village transferring title to the Property to Developer.

9.5 Project Development Budget. Developer shall submit to the Village the project development budget approved by the construction lender when available but not later than thirty (30) days after Closing. The Developer agrees that the Village will be provided a reasonable opportunity to meet with the construction lender if requested by the Village.

9.6 Letter of Credit, Permits and Other Security Prior to Commencement of Construction.

No later than Closing, Developer shall deliver to Village an unconditional irrevocable letter of credit in the amount of Five Hundred Thousand and 00/100 (\$500,000.00) Dollars in form and substance acceptable to Village (the "LOC") which LOC may be drawn on by Village upon the occurrence of a Penalty Event as defined in **Exhibit D**. (This LOC is separate and distinct from the Letter of Credit referenced in Section 7.1.) Notwithstanding the provision allowing the Village to draw on the Letter of Credit in the event of a Penalty Event, the Village acknowledges that it may use proceeds from the Letter of Credit towards the costs to repurchase the Property in the event the Village repurchases the Property.

The Letter of Credit shall be used to pay off any other liens or the Developer's construction loan. Three Hundred Thousand and 00/100 (\$300,000.00) Dollars of the letter of credit shall be released at the time that the Village certifies the completion of the shell and core of the restaurant. One Hundred Thousand (\$100,000.00) Dollars of the letter of credit shall be released at the time that the Village certifies that the Project is complete. For purposes of this **Section 9.6** completion shall be deemed to occur upon the issuance of a final certificate of occupancy for the drive-through restaurant to be constructed on the Property. The balance of the letter of credit shall be released upon the completion of the development as required under the Planned Development ordinance adopted for this Property.

9.7 Timing of Developer's Obligations. Developer covenants and agrees to construct or cause to be constructed the Project on the Property at the times set forth on **Exhibit D** hereto and otherwise as required herein, subject however, to Uncontrollable Circumstances.

9.8 Usage of Proposed Building. Notwithstanding anything herein to the contrary, the Developer shall develop the Project with the total gross square footage of the businesses to be located at the Property consisting of retail sales tax generating uses if a restaurant use ceases to be its principal use of the Property.

9.9 Compliance with Applicable Laws. Developer warrants that it shall at all times acquire, install, construct, operate and maintain the Project in conformance with all applicable laws, rules, ordinances and regulations. All work with respect to the Project shall conform to all applicable federal, state and local laws, regulations and ordinances, including, but not limited to, zoning, subdivision and planned development codes, building codes, environmental codes, life safety codes, property maintenance codes and any other applicable codes and ordinances of the Village as more specifically set forth in **Article Eleven**. Village shall not enact any law, ordinance, rule or regulation (or amendment thereto) which would have the effect of increasing Developer's obligations hereunder, including an increase in the cost of the Project, unless said law, ordinance, rule or regulation is one of general applicability to all the property in the Village.

9.10 No Default. The Developer shall not be in default under this Agreement or be in default under

any agreement with any other party in connection with the development of the Property, which default has not been cured after the giving of proper notice thereunder and all rights to cure have lapsed. Failure to comply with this term renders the Developer in default of this Agreement, subject to Developer's right to cure under this Agreement.

9.11 Progress Meetings. Developer shall meet with the Village Council and Village staff and make presentations to the Village Council and Village staff as reasonably requested by the Village Manager in order to keep the Village apprised of the progress of the development.

9.12 Authorized Representative. Subject to the provisions thereof, Developer has designated in **Article Three** (i) a representative with full power and authority to meet with Village staff for purposes of coordinating and implementing obligations of the Parties under this Agreement.

9.13 Real Estate Tax Payments. Developer and successor owners agree to pay all general and special real estate taxes levied during their respective period of ownership against their respective interest in the Project on or prior to the date same is due and said taxes shall not become delinquent. Developer and successor owners shall deliver evidence of payment of such taxes to the Village upon request.

9.14 Tax Exempt Status. Consistent with its covenant in **Section 10.7**, Developer and successor owners shall not assert a tax-exempt status during their respective period of ownership. This prohibition shall run with the land and shall expire on the date the Rand Road Corridor Redevelopment Project Area expires or an earlier date if agreed by the Village and Developer.

9.15 Real Estate Tax Challenges. Until the Village receives two million (\$2,000,000.00) dollars in real estate tax increment or a cash payment from the Developer in that amount or any combination thereof, whichever is sooner, Developer and all successor owners of the Property agree not to challenge, contest, or seek reduction in the assessed valuation of the Property, such that the assessed value for any given year for such lots would be less than four hundred sixty thousand (\$460,000) dollars plus three (3%) percent in the aggregate assessed value as shown in the attached projections of **Exhibit "E"** hereto (the "Projected Assessed Value"). Notwithstanding the foregoing, the Developer shall have the right to seek reductions in assessed value for the Property up to the date that the Village issues a temporary

occupancy certificate for the Property. After the issuance of a temporary certificate of occupancy for the Property, no real estate tax challenge, contest or reduction shall be made such that the assessed value for any given year would be less than the Projected Assessed Value until the Redevelopment Project Area is terminated, or until the Village receives two million (\$2,000,000.00) dollars in real estate tax increment or a cash payment from the Developer or any combination thereof. The Village agrees to consider relief from the covenants of this Section in the event of economic hardship arising from vacancies in the building (other than any vacancy by Developer). The remedy to the Village in the event of breach of this Section is for the Developer (or its successor owners, as the case may be) to pay to the Village on an annual basis the difference between the actual real estate taxes payable for the Property and the amount of real estate taxes that would have been due and owing on the Projected Assessed Value for such year (said deficiency shall herein be referred to as the "TIF Deficiency"), plus interest thereon at the prime rate charged by Harris Bank (or its successor) plus three percent (3%) per annum for the period beginning on the date the Incremental Property Taxes are received by the Village for any given year and ending on the date the TIF Deficiency is paid to the Village.

9.16 Sale Contracts and Leases for the Property. All sales contracts and leases for the Property shall be made subject to the terms of this Agreement.

9.17 MWRD Fees. Developer shall be responsible for paying the MWRD TIF service fees, if any, in connection with its development.

9.18 Fees and Expenses. Developer shall pay all Village imposed fees, including but not limited to: permit, inspection, review, and storm water drainage fees that are assessed on a uniform basis throughout the Village and are of a general applicability to all other property in the Village. Said payments shall be made as directed by the applicable Village code or policy. Notwithstanding anything in this Section to the contrary, the Village shall waive all sanitary sewer and water tap-on and connection fees.

Developer's failure to pay the fees and expenses described in this **Section 9.18**, or elsewhere in this Agreement, shall constitute an Event of Default hereunder. Without waiving its rights against Developer, the Village may be reimbursed for said fees and expenses to the extent they are eligible costs

out of the Special Tax Allocation Fund.

9.19 Loan Agreement. Prior to issuance of a certificate of occupancy for the Project and the Project opening for business, Developer shall not use the Property as collateral for anything other than the cost of constructing the Project. Developer's Loan Agreement shall expressly provide that the amount of said Loan may not be increased without the consent of the Village.

9.20 Shared Access. The Village, as owner of the land located immediately to the north and west of the Property, and Developer agree to provide and participate in shared access, parking, and curb cuts and to execute a cross access easement agreement for said purposes between the Property and the land located immediately to the north and west of the Property in a manner acceptable to the Village.

ARTICLE TEN

ADDITIONAL COVENANTS OF DEVELOPER

10.1 Developer Existence. Developer will do or cause to be done all things necessary to preserve and keep in full force and effect its existence and standing as an Illinois Limited Liability Company authorized to do business in Illinois, so long as Developer maintains an interest in the Property or has any other remaining obligation pursuant to the terms of this Agreement.

10.2 Construction of Project. Developer shall diligently pursue obtaining all required permits and Developer shall cause construction of the Project on the Property to be prosecuted and completed pursuant to the schedule set forth on **Exhibit D** with due diligence, in good faith and without delay, subject to Uncontrollable Circumstances and the other provisions of this Agreement.

10.3 Indemnification. Developer (use of the term "Developer" herein includes permitted successors and assigns), agrees to indemnify, defend and hold the Village, Mayor, Village Council Members, Village Manager, officers, agents and employees (hereinafter "Indemnified Parties") 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 Indemnified Parties which are caused as a result of:

- (a) the failure of Developer to comply with any of the terms, covenants or conditions of this

Agreement which Developer is obligated to comply with; or

(b) the failure of Developer or any of Developer's contractors to pay contractors, subcontractors or materialmen in connection with the Project; or

(c) material misrepresentations or omissions of Developer relating to the Project, financials or this Agreement which are the result of information supplied or omitted by Developer or by its agents, employees, contractors or persons acting under the control or at the request of Developer; or

(d) the failure of Developer to cure any material misrepresentations or omissions of Developer in this Agreement relating to the Project within the applicable cure provisions of this Agreement; or

(e) any claim or cause of action for injury or damage brought by a third party arising out of the construction or operation of the Project by Developer; or

(f) any violation by Developer of local ordinance, state or federal laws, in connection with the offer and sale of interests in the Developer or any part of the Project.; or(g) The occurrence of an Event of Default by Developer.

The provisions of this **Section 10.3** shall not apply to a loss which arises out of (in whole or in part) intentional misconduct providing this information on the part of any Indemnified Party, but only to the extent that such Indemnified Parties' misconduct or negligence or misinformation contributed to the loss, or that the loss is attributable to such Indemnified Parties' misconduct or negligence or misinformation.

10.4 Insurance. As a pre-condition to issuance of the Building Permit, Developer (or Developer's contractor) shall deliver to the Village, at Developer's cost and expense, insurance required to be carried by Developer pursuant to **Article Thirteen**.

10.5 Further Assistance and Corrective Instruments. The Village and Developer agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may be reasonably required for carrying out the intention of or facilitating the performance of this Agreement to the extent legally

permitted and within the Village's sound legal discretion.

10.6 No Gifts. Developer covenants that no officer, member, manager, stockholder, employee or agent of Developer, or any other person connected with Developer, has made, offered or given, either directly or indirectly, to the Mayor, any Council member, or any officer, employee or agent of the Village, or any other person connected with the Village, any money or anything of value as a gift or bribe or other means of influencing his or her action in his or her capacity with the Village.

10.7 Conveyance. In recognition of the nature of the Project and the Village's projections of the need for incremental tax revenues to finance Redevelopment Project Costs, in accordance with the Act, during the life of the TIF consistent with its covenants in **Sections 9.8 and 9.14**, Developer shall not knowingly undertake to convey the Property to persons whose ownership and use of such Property will not generate sales taxes from the business to be located at the Property.

10.8 Disclosure. Concurrently with execution of this Agreement, Developer shall disclose to the Village the names, addresses and ownership interests of all Persons that comprise Developer, including all members of the limited liability company. The Developer shall disclose the same information to the Village at the time of issuance of each building permit. At the time of execution of this Agreement and prior to Closing, no change shall be made in the persons comprising Developer or in their ownership interests without the consent of the Village. All changes made in the persons comprising Developer or in their ownership interests shall be disclosed to the Village during the term of this Agreement.

10.9 Open Book Project. Developer's Project shall be an "open book" project meaning that Developer and the general contractor (or contractors, if more than one) will assure continuing access to the Village's agents for the purpose of reviewing and auditing their respective books and records relating to any item necessary to determine the costs of the Project. The foregoing Village review rights shall terminate one (1) year after the issuance of the final certificate of occupancy with respect to costs for the Developer's Project, unless the Developer has failed to make available any such books and/or records requested in writing by the Village. Developer shall provide to the Village copies of any partnership, corporate, limited liability operating agreements or joint venture agreements pertaining to the Property to

which the Developer is a party; provided that the Developer may, (if Developer has previously provided the Village not less than thirty (30) days to review such confidential financial materials), remove from the copies of such agreements any confidential financial information previously disclosed to the Village and not since changed in form or substance and the Village shall keep such agreements confidential, to the maximum extent permitted by law. Failure to provide the documents or allow review of the books within fifteen (15) days after request by the Village shall be an Event of Default. Developer shall exercise prudence and good faith in attempting to contract with persons or entities who are reputable and experienced in their respective areas for the provision of services or material for the design and construction of the Project at costs not in excess of market rates. The Village agrees that the Developer may designate within its discretion the general contractor (or general contractors) for the Project. The general contractor (or general contractors) designated by Developer shall be experienced and reputable.

10.10 Assignment of Agreement This Agreement is not assignable except for Permitted Transfers (as hereinafter defined), until completion of the Project (hereinafter defined as a final occupancy certificate for the final building). Notwithstanding anything in this **Section 10.10**, no part of this **Section 10.10** shall require the Village's consent to the collateral assignment hereof to Developer's construction lender or permanent lender, if required thereby or to a Permitted Transfer. Subsequent to completion of the Project, Developer shall give notice of any proposed assignment to the Village, and the Village Council shall have thirty (30) days to accept or reject such assignee in its reasonable discretion.

10.11 No Transfer or Additional Encumbrances. No portion of the Project shall be transferred or conveyed (other than to Permitted Transfers).

ARTICLE ELEVEN

ADHERENCE TO VILLAGE CODES AND ORDINANCES

All development and construction of the Project shall comply in all respects with the provisions in the Building, Plumbing, Mechanical, Electrical, Storm Water Management, Fire Prevention, Property Maintenance, Zoning and Subdivision Codes of the Village and all other germane codes and ordinances of the Village in effect from time to time, unless otherwise mandated by State law. Developer has

examined and is familiar with and agrees that its development of the Project shall be performed in accordance with all the covenants, conditions, restrictions, building regulations, zoning ordinances, property maintenance regulations, environmental regulations and land use regulations, codes, ordinances, federal, state and local ordinances affecting the Project.

ARTICLE TWELVE

REPRESENTATIONS AND WARRANTIES OF DEVELOPER

Developer represents, warrants and agrees as the basis for the undertakings on its part herein contained that as of the date hereof and until completion of the Project:

12.1 Organization and Authorization. Developer is an Illinois Limited Liability Company authorized to do business in Illinois and existing under the laws of the State of Illinois, and is authorized to and has the power to enter into, and by proper action has been duly authorized to execute, deliver and perform, this Agreement. Developer is solvent, able to pay its debts as they mature and financially able to perform all the terms of this Agreement. To Developer's knowledge, there are no actions at law or similar proceedings which are pending or threatened against Developer which would materially and adversely affect the ability of Developer to proceed with the construction and development of the Project.

12.2 Non-Conflict or Breach. Neither the execution and delivery of this Agreement by Developer, the consummation of the transactions contemplated hereby by Developer, nor the fulfillment of or compliance with the terms and conditions of this Agreement by Developer conflicts with or results in a breach of any of the terms, conditions or provisions of any offerings or disclosure statement made or to be made on behalf of Developer (with Developer's prior written approval), any organizational documents, any restriction, agreement or instrument to which Developer or any of its partners or venturers is now a party or by which Developer or any of its partners or its venturers is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any prohibited lien, charge or encumbrance whatsoever upon any of the assets or rights of Developer, any related party or any of its venturers under the terms of any instrument or agreement to which Developer, any related party or any of its partners or venturers is now a party or by which Developer, any related party or any of its venturers is

bound.

12.3 Location of Project. The Project will be located entirely within the Property except for the Off-Site Improvements regarding roads and utilities.

12.4 Financial Resources. Developer and any Affiliate to which portions of this Agreement are assigned has sufficient financial and economic resources to implement and complete Developer's obligations contained in this Agreement.

12.5 Limit on Use of Property as Security. Developer's right to use the Property as security for financing purposes shall be subject to the restrictions contained in this Agreement. Violation of this covenant shall constitute an Event of Default.

ARTICLE THIRTEEN

REPRESENTATIONS AND WARRANTIES OF THE VILLAGE.

The Village represents, warrants and agrees as the basis for the undertakings on its part herein contained that:

13.1 Organization and Authority. The Village is a municipal corporation duly organized and validly existing under the law of the State of Illinois, is a home rule unit of government, and has all requisite corporate power and authority to enter into this Agreement.

13.2 Authorization. The execution, delivery and the performance of this Agreement and the consummation by the Village of the transactions provided for herein and the compliance with the provisions of this Agreement: (i) have been duly authorized by all necessary corporate action on the part of the Village, (ii) require no other consents, approvals or authorizations on the part of the Village in connection with the Village's execution and delivery of this Agreement, and (iii) shall not, by lapse of time, giving of notice or otherwise result in any breach of any term, condition or provision of any indenture, agreement or other instrument to which the Village is subject.

13.3 Litigation. To the best of the Village's knowledge, there are no proceedings pending or threatened against or affecting the Village or the Rand Road Corridor Redevelopment Project Area in any court or before any governmental authority which involves the possibility of materially or adversely

affecting the ability of the Village to perform its obligations under this Agreement.

13.4 Connections. The Village hereby agrees to permit the connection of all water lines, sanitary and storm sewer lines or Village utility lines existing or constructed in the Property or near the perimeter of the Property as set forth on the Final Plans, provided that Developer complies with all requirements of general applicability promulgated by the Village for such connections. Village shall grant utility easements as may be necessary or appropriate to accommodate the utilities shown on the Final Plans.

13.5 Liquor License. Village agrees, upon receipt of proper and complete application, to recommend to the Liquor Control Commission to transfer Developer's liquor license from the Existing Restaurant location to the proposed restaurant location so long as the ownership and operational control, as well as all other requirements of the Village Liquor Code for the proposed restaurant are met and are the same as the Existing Restaurant, and no violation of the Village or State Liquor Codes have occurred.

13.6 Existing Restaurant Pole Sign. In the event that the Developer includes in its Planned Development request information and drawings regarding the existing Tore and Luke's Restaurant sign serving the existing restaurant, the Village agrees to consider allowing Developer to move the existing pole sign from the existing restaurant to the Property or to propose a comparable replacement sign for the Project.

ARTICLE FOURTEEN

LIABILITY AND RISK INSURANCE.

14.1 Liability Insurance Prior to Completion. Prior to issuance of the Site Development Permit, Developer (or Developer's contractor) shall procure and deliver evidence to the Village in the form of an insurance endorsement, at Developer's (or such contractor's) cost and expense, and shall maintain in full force and effect until each and every obligation of Developer contained herein has been fully paid, or performed, a policy or policies of comprehensive liability insurance and, during any period of construction, contractor's liability insurance and worker's compensation insurance, with liability coverage under the comprehensive liability insurance to be not less than One Million and no/100 Dollars (\$1,000,000.00) each occurrence and Two Million and no/100 Dollars (\$2,000,000.00) total. All such

policies shall be in such form and issued by such companies as shall be acceptable to the Village to protect the Village and Developer against any liability incidental to the use of or resulting from any claim for injury or damage occurring in or about the Project on the Property, or the construction and improvement thereof by Developer. Each such policy shall name the Village as an additional insured and shall contain an affirmative statement by the issuer that it will give written notice to the Village at least thirty (30) days prior to any cancellation or amendment of its policy. Developer may satisfy its insurance obligations in this **Article Fourteen** by way of a blanket policy or policies which includes other liabilities, properties and locations having a general policy aggregate of at least \$10,000,000.00. Developer shall provide to the Village a replacement insurance endorsement not less than 30 days prior to expiration of any policy.

14.2 Builder's Risk Prior to Completion. Prior to completion of the construction of the Project on the Property, as certified by the Village, Developer shall keep in force at all times builders risk insurance on a completed value basis, in non-reporting form, against all risks of physical loss, including collapse, covering the total value of work performed and equipment, supplies and materials furnished for the Project (including on-site stored materials), all as to work by Developer. Such insurance policies shall be issued by companies satisfactory to the Village. All such policies shall contain a provision that the same will not be canceled or modified without prior thirty- (30) day written notice to the Village.

ARTICLE FIFTEEN

INTENTIONALLY OMITTED

ARTICLE SIXTEEN

REAL ESTATE SALE PROVISIONS FOR PROPERTY

The Developer shall purchase the Property pursuant to the agreement existing between Developer and Village attached hereto as Exhibit "B".

ARTICLE SEVENTEEN

EVENTS OF DEFAULT AND REMEDIES.

17.1 Developer Events of Default. The following shall be Events of Default with respect to this Agreement:

(a) If any representation made by Developer in this Agreement, or in any certificate, notice, demand or request made by a Party hereto, in writing and delivered to the Village pursuant to or in connection with any of said documents, shall prove to be untrue or incorrect in any material respect as of the date made; provided, however, that such default shall constitute an Event of Default only if Developer does not remedy the default, within fifteen (15) days after written notice from the Village.

(b) Default by Developer for a period of fifteen (15) days after written notice thereof in the performance or breach of any covenant contained in this Agreement concerning the existence, structure or financial condition of Developer; provided, however, that such default or breach shall not constitute an Event of Default if such default cannot be cured within said fifteen (15) days and Developer, within said fifteen (15) days, initiates and diligently pursues appropriate measures to remedy the default and in any event cures such default within sixty (60) days after such notice.

(c) Default by Developer in the performance or breach of any covenant, warranty or obligation contained in this Agreement; provided, however, that such default shall not constitute an Event of Default if such default cannot be cured within said fifteen (15) days and the Developer, within said fifteen (15) days initiates and diligently pursues appropriate measures to remedy the default and in any event cures such default within sixty (60) days after such notice. Notwithstanding anything herein to the contrary, in the event a "Default Date" as defined in **Exhibit D** is missed, the Village may immediately draw on the LOC, without rights of Developer to cure.

(d) The entry of a decree or order for relief by a court having jurisdiction in the premises in respect of Developer in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of

Developer for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days.

(e) The commencement by Developer of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by Developer to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of Developer or of any substantial part of the Property, or the making by any such entity of any assignment for the benefit of creditors or the failure of Developer generally to pay such entity's debts as such debts become due or the taking of action by Developer in furtherance of any of the foregoing, or a petition is filed in bankruptcy by others.

(f) Failure to have funds to meet Developer's obligations.

(g) Failure to renew or extend the LOC referenced in **Section 9.6** thirty (30) or more days prior to its expiration date (in which event the Village may draw the full amount of the LOC).

(h) Sale, assignment, or transfer of the Project except in accordance with this Agreement.

(i) Change in the Developer (other than to Permitted Transferee).

(j) Developer abandons the Project on the Property. Abandonment shall be deemed to have occurred when work stopson the Property for more than thirty (30) days for any reason other than Uncontrollable Circumstances.

(k) Developer fails to comply with applicable governmental codes and regulations in relation to the construction and maintenance of the buildings contemplated by this Agreement. The maintenance requirement of this provision shall not be covered by and shall survive any Certificate of Completion or Estoppel Certificate of any kind issued during the term of this Agreement.

17.2 Village Events of Default. The following shall be Events of Default with respect to this Agreement:

(a) if any representation made by the Village in this Agreement, or in any certificate, notice, demand or request made by a party hereto, in writing and delivered to Developer pursuant to or in

connection with any of said documents, shall prove to be untrue or incorrect in any material respect as of the date made; provided, however, that such default shall constitute an Event of Default only if the Village does not remedy the default, within fifteen (15) days after written notice from Developer.

(b) default by the Village in the performance or breach of any material covenant contained in this Agreement concerning the existence, structure or financial condition of the Village; provided, however, that such default or breach shall constitute an Event of Default if the Village does not, within fifteen (15) days after written notice from Developer, initiate and diligently pursue appropriate measures to remedy the default.

(c) default by the Village in the performance or breach of any covenant, warranty or obligation contained in this Agreement; provided, however, that such default shall not constitute an Event of Default if the Village, commences cure within fifteen (15) days after written notice from Developer and in any event cures such default within sixty (60) days after such notice, subject to Uncontrollable Circumstances.

(d) failure to have funds to meet the Village's obligations.

17.3 Remedies for Default In the case of an Event of Default hereunder:

(a) The defaulting party shall, upon written notice from the non-defaulting party, take immediate action to cure or remedy such Event of Default. If, in such case, any monetary Event of Default is not cured, or if in the case of a non-monetary Event of Default, except for circumstances contemplated under **Section 17.1(a)**, action is not taken or not diligently pursued, or if action is taken and diligently pursued but such Event of Default or breach shall not be cured or remedied within a reasonable time, but in no event more than fifteen (15) additional days unless extended by mutual agreement, the non-defaulting party may institute such proceedings as may be necessary or desirable in its opinion to cure or remedy such default or breach, including, but not limited to, proceedings to compel specific performance of the defaulting party's obligations under this Agreement.

(b) In case either the Developer or the Village shall have proceeded to enforce its rights under this Agreement and such proceedings shall have been discontinued or abandoned for any reason,

then, and in every such case, Developer and the Village shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of Developer and the Village shall continue as though no such proceedings had been taken.

(c) In the case of an Event of Default by Developer, in addition to any other remedies at law or in equity, the Village shall be relieved of its obligations under this Agreement, including but not limited to its obligations to accord Developer, "exclusive" developer status as set forth in **Article Six**.

(d) In the event a "Default Date" as defined in **Exhibit D** is missed, the Village may immediately draw on the LOC, without rights of Developer to cure.

17.4 Agreement to Pay Attorneys' Fees and Expenses. In the event an Event of Default is not cured within the applicable cure periods and the Parties employ an attorney or attorneys or incur other expenses for the collection of the payments due under this Agreement or the enforcement of performance or observance of any obligation or agreement herein contained, the non-prevailing party shall pay, on demand, the prevailing party's reasonable fees of such attorneys and such other reasonable expenses in connection with such enforcement action. The Village's duty to pay shall be subject to the Illinois Prompt Payment Act.

17.5 No Waiver by Delay or Otherwise. Any delay by either party in instituting or prosecuting any actions or proceedings or otherwise asserting its rights under this Agreement shall not operate to act as a waiver of such rights or to deprive it of or limit such rights in any way (it being the intent of this provision that neither party should be deprived of or limited in the exercise of the remedies provided in this Agreement because of concepts of waiver, laches or otherwise); nor shall any waiver in fact made with respect to any specific Event of Default be considered or treated as a waiver of the rights by the waiving party of any future Event of Default hereunder, except to the extent specifically waived in writing. No waiver made with respect to the performance, nor the manner or time thereof, of any obligation or any condition under the Agreement shall be considered a waiver of any rights except if expressly waived in writing.

17.6 Rights and Remedies Cumulative. The rights and remedies of the Parties to this Agreement,

whether provided by law or by this Agreement, shall be cumulative, and the exercise of any one or more of such remedies shall not preclude the exercise by such Party, at that time or different times, of any other such remedies for the same Event of Default.

ARTICLE EIGHTEEN

EQUAL EMPLOYMENT OPPORTUNITY

18.1 No Discrimination Developer will not discriminate against any employee or applicant for employment on the basis of race, color, religion, sex or national origin. To the fullest extent permitted by law, Developer will take affirmative action to ensure that applicants are employed and treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, transfer, recruitment, recruitment advertising, layoff, termination, rate of pay or other forms of compensation and selection for training, including apprenticeship. Developer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Village setting forth the provisions of this nondiscrimination clause.

18.2 Advertisements Developer will, in all solicitations or advertisements for employees placed by or on behalf of Developer, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

18.3 Contractors. Any contracts made by Developer with any general contractor, agent, employee, independent contractor or any other Person in connection with Developer's Project shall contain language similar to that recited in Sections 18.1 and 18.2 above.

ARTICLE NINETEEN

MISCELLANEOUS PROVISIONS.

19.1 Cancellation. In the event prior to Closing, Developer or the Village shall be prohibited, in any material respect, from performing covenants and agreements or enjoying the rights and privileges herein contained, or contained in the Redevelopment Plan, including Developer's duty to build the Project, by the order of any court of competent jurisdiction, or in the event that all or any part of the Act or any

ordinance adopted by the Village in connection with the Project, shall be declared invalid or unconstitutional, in whole or in part, by a final decision of a court of competent jurisdiction and such declaration shall materially affect the Redevelopment Plan or the covenants and agreements or rights and privileges of Developer or the Village, then and in any such event, the party so materially affected may, at its election, cancel or terminate this Agreement in whole or in part (with respect to that portion of the Project materially affected) by giving written notice thereof to the other prior to Closing. If the Village terminates this Agreement pursuant to this **Section 19.1**, to the extent it is then appropriate, the Village, at its option, may also terminate its duties, obligation and liability under all or any related documents and agreements. In the event of any termination/cancellation, the letter of credit shall be released to the Developer, so long as the termination/cancellation is through no fault of Developer.

19.2 Notices. All notices, certificates, approvals, consents or other communications desired or required to be given hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service, (b) overnight courier, or (c) registered or certified first class mail, postage prepaid, return receipt requested.

If to Village:	Village of Palatine 200 E Wood Street Palatine, IL 60067 Attn: Village Clerk
With a copy to:	Village of Palatine 200 E Wood Street Palatine, IL 60067 Attn: Village Manager
With a copy to:	Schain, Burney, Ross & Citron, Ltd. 222 N. LaSalle Street, Suite 1910 Chicago, IL 60601 Attn: Robert C. Kenny
If to Developer:	Tore Gagliano 23325 Buckeye Road Barrington, Illinois 60010

With a copy to: Donald Schramm
Rieff, Schramm & Kanter
100 N LaSalle Street
23rd Floor
Chicago IL 60602

The Parties, by notice hereunder, may designate any further or different addresses to which subsequent notices, certificates, approvals, consents or other communications shall be sent. Any notice, demand or request sent pursuant to clause (a) hereof shall be deemed received upon such personal service. Any notice, demand or request sent pursuant to clause (b) shall be deemed received on the day immediately following deposit with the overnight courier, and any notices, demands or requests sent pursuant to clause (c) shall be deemed received forty-eight (48) hours following deposit in the mail.

19.3 Time of the Essence. Time is of the essence of this Agreement.

19.4 Integration. Except as otherwise expressly provided herein, this Agreement supersedes all prior agreements, negotiations and discussions relative to the subject matter hereof and is a full integration of the agreement of the Parties.

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

19.6 Recordation of Agreement. The Parties agree to record this Agreement in the appropriate land or governmental records.

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

19.8 Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

19.9 Entire Contract and Amendments. This Agreement (together with the exhibits attached hereto) is the entire contract between the Village and Developer relating to the subject matter hereof, supersedes all prior and contemporaneous negotiations, understandings and agreements, written or oral,

between the Village and Developer, and may not be modified or amended except by a written instrument executed by the Parties hereto.

19.10 Third Parties. Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any other persons other than the Village and Developer, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to either the Village or Developer, nor shall any provision give any third parties any rights of subrogation or action over or against either the Village or Developer. This Agreement is not intended to and does not create any third party beneficiary rights whatsoever.

19.11 Waiver. Any party to this Agreement may elect to waive any right or remedy it may enjoy hereunder, provided that no such waiver shall be deemed to exist unless such waiver is in writing. No such waiver shall obligate the waiver of any other right or remedy hereunder, or shall be deemed to constitute a waiver of other rights and remedies provided pursuant to this Agreement.

19.12 Cooperation and Further Assurances. The Village and Developer each covenants and agrees that each will do, execute, acknowledge and deliver or cause to be done, executed and delivered, such agreements, instruments and documents supplemental hereto and such further acts, instruments, pledges and transfers as may be reasonably required for the better clarifying, assuring, mortgaging, conveying, transferring, pledging, assigning and confirming unto the Village or Developer or other appropriate persons all and singular the rights, property and revenues covenanted, agreed, conveyed, assigned, transferred and pledged under or in respect of this Agreement.

19.13 Successors in Interest. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective authorized successors and assigns; provided, however, that, except as provided in **Section 10.10** hereof, Developer may not assign its rights under this Agreement without the express written approval of the Village. Notwithstanding anything herein to the contrary, the Village may not delegate its obligation hereunder or except as provided herein, transfer any interest in the Village Property without the express written approval of Developer.

19.14 No Joint Venture, Agency or Partnership Created. Nothing in this Agreement, or any actions of the Parties to this Agreement, shall be construed by the Parties or any third person to create the relationship of a partnership, agency or joint venture between or among such parties.

19.15 No Personal Liability of Officials of Village or Developer. No covenant or agreement contained in this Agreement shall be deemed to be the covenant or agreement of the Mayor, Village Council member, Village Manager, any official, officer, partner, member, director, agent, employee or attorney of the Village or Developer, in his or her individual capacity, and no official, officer, partner, member, director, agent, employee or attorney of the Village or Developer shall be liable personally under this Agreement or be subject to any personal liability or accountability by reason of or in connection with or arising out of the execution, delivery and performance of this Agreement, or any failure in that connection.

19.16 Repealer. To the extent that any ordinance, resolution, rule, order or provision of the Village's code of ordinances, or any part thereof, is in conflict with the provisions of this Agreement, the provisions of this Agreement shall be controlling, to the extent lawful.

19.17 Term. This Agreement shall remain in full force and effect for twenty-three (23) years from the date the Rand Road Corridor Redevelopment Project Area was created, unless the Redevelopment Plan with respect to the Project is extended or until termination of the Rand Road Corridor Redevelopment Project Area or until otherwise terminated pursuant to the terms of this Agreement. Notwithstanding the foregoing, this agreement shall terminate upon Village certification that Developer has complied with all duties and responsibilities under this agreement.

19.18 Estoppel Certificates. Each of the parties hereto agrees to provide the other, upon not less than ten (10) business days prior request, a certificate ("Estoppel Certificate") certifying that this Agreement is in full force and effect (unless such is not the case, in which such parties shall specify the basis for such claim), that the requesting party is not in default of any term, provision or condition of this Agreement beyond any applicable notice and cure provision (or specifying each such claimed default) and certifying such other matters reasonably requested by the requesting party.

19.19 Municipal Limitations. All municipal commitments are limited to the extent required by law.

19.20 Prevailing Wage Act Compliance. Prevailing Wages. Developer acknowledges that construction and installation for municipal infrastructure, if any, in connection with this Agreement requires compliance with the Prevailing Wage Law and Developer's agreements with contractors and subcontractors shall so comply. Pursuant to the Prevailing Wage Law, Developer shall require that contractors and sub-contractors make available upon reasonable request from the Village, but not more than twice a year, certified payroll to the Village. These records shall be kept by the Village for three (3) years and are subject to review through Freedom of Information Act (FOIA), provided that for purposes of public review, such records would not include an employee's address, phone number or social security number.

ARTICLE TWENTY

EFFECTIVENESS

The Effective Date for this Agreement shall be the day on which this Agreement is fully executed pursuant to a duly enacted Village ordinance authorizing the execution and adoption of this Agreement. Developer shall execute this Agreement no later than twenty-one days after the Village authorizes its execution or else this Village's authorization of execution of this Agreement will be deemed null and void and of no further effect.

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

**VILLAGE OF PALATINE, an Illinois
municipal corporation**

By: 
Its: Village Mayor

ATTEST:

By: 
Its: Village Clerk

DEVELOPER:

RAND RIDGE LLC

By: Carli Caputo
Name: Carli Caputo
Its: Manager

STATE OF ILLINOIS)
COUNTY OF COOK) SS

I, Tracy Gunderson, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Carli Caputo of Rand Ridge, LLC, an Illinois Limited Liability Company, who is 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 and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said Rand Ridge, LLC., for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 26th day of June, 2007.



Tracy Gunderson
Notary Public

My commission expires 5/15/10.

EXHIBITS

EXHIBIT A Legal Description of Property

EXHIBIT B Real Estate Contract

EXHIBIT C License Agreement

EXHIBIT D Development Schedule

EXHIBIT E Anticipated EAV Schedule

-OF-

[illegible]

FUTURE LEGAL DESCRIPTION:

LOT 2 IN PALATINE'S ROUTE 12 SUBDIVISION, BEING A SUBDIVISION IN THE SOUTHEAST QUARTER OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED _____ 2007 AS DOCUMENT NUMBER _____ IN COOK COUNTY, ILLINOIS.

POINT OF COMMENCEMENT -
N.E. CORNER OF N.W. 1/4
OF S.E. 1/4 OF SEC.
2-42-10

HAMPTON PLACE
PLAT OF PLANNED UNIT DEVELOPMENT

"FUTURE LOT 2"
55,088 sq. ft.

THE NURSERY
PLAT OF PLANNED UNIT DEVELOPMENT

CAPRI VILLAGE

COMPARE YOUR POINTS BEFORE BUILDING BY THE SAME AND REPORT ANY DIFFERENCES IMMEDIATELY.

CHECK LEGAL DESCRIPTION WITH DEED AND REPORT ANY DISCREPANCY IMMEDIATELY. REFER TO TITLE POLICY FOR POSSIBLE ADDITIONAL EXEMPTIONS OR BUILDING LINES NOT SHOWN HEREON.

STATE OF ILLINOIS)
COUNTY OF COOK: 155

I, JASON R. DOLAND, AN ILLINOIS PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE ABOVE DESCRIBED PROPERTY HAS BEEN SURVEYED UNDER MY SUPERVISION, IN THE MANNER REPRESENTED ON THE PLAT HEREON DRAWN. DIMENSIONS ARE SHOWN IN FEET AND DECIMAL PARTS THEREOF.

DATED AT PALATINE, ILLINOIS

ILLINOIS PROFESSIONAL LAND SURVEYOR-----

REAL ESTATE SALES CONTRACT

1. **Village of Palatine**, an Illinois home rule municipal corporation, ("**Purchaser**") agrees to purchase at a price of **Six Million Seven Hundred Fifty Thousand and 00/100 Dollars (\$6,750,000.00)**, plus or minus prorations ("**Purchase Price**") on the terms set forth herein, the real estate described on **Exhibit A** in Cook County, Illinois ("**Property**") commonly known as 2083 North Rand Road, Palatine, Illinois, together with all property, real or personal, building and other improvements located upon the Property on the Closing Date (hereinafter defined) other than the existing signage and sign poles located at the intersection of Rand and Hicks Road, which shall be removed from the Property by Seller prior to delivering exclusive possession thereof to Purchaser. The Property Index Numbers for the Property are

02-02-203-009

02-02-203-012

02-02-203-020

02-02-203-010

02-02-203-013

02-02-203-021

02-02-203-011

02-02-203-014

02-02-203-022

In addition to payment of the Purchase Price, and as and for additional consideration for the conveyance of the Property to Purchaser by Seller, Purchaser shall convey to Seller at Closing the approximately sixty thousand square foot parcel of real estate described on **Exhibit B** and depicted on **Exhibit B-1**, in Palatine, Cook County, Illinois (the "**Relocation Parcel**"), title to which Purchaser shall convey or cause to be conveyed to Seller by a recordable Special Warranty Deed (the "**Relocation Parcel Deed**"), subject only to those exceptions set forth on **Exhibit D** ("**Relocation Parcel Permitted Exceptions**"). The parties hereto hereby acknowledge and agree that the Relocation Parcel is intended to be the subject of a Redevelopment Agreement, for the purpose of constructing and operating a restaurant to replace Seller's current facility on the Property (the "**Intended Purpose**") between Purchaser and Seller (the "**RDA**"). The specific terms and conditions of the RDA will be negotiated diligently and in good faith by the parties to achieve the Intended Purpose prior to the Closing Date, and, in the event the parties are unable to agree on the terms and conditions of the RDA prior to the Closing Date, either party may thereupon terminate this Agreement by written notice to the other, whereupon all Earnest Money shall be refunded to Purchaser.

2. **Rand Ridge, LLC**, an Illinois limited liability company, as Sole Beneficiary of **Harris, N.A., f/k/a Harris Trust and Savings Bank**, not personally but as Trustee under Trust Agreement dated August 7, 2004 and known as Trust No. HTB1547 (the "**Seller**") agrees to sell the Property (at the price and terms set forth herein, and to convey or cause to be conveyed to Purchaser title thereto by a recordable Trustee's Deed the "**Deed**"), subject only to those exceptions set forth on **Exhibit C** ("**Permitted Exceptions**").

3. **Earnest Money**. No later than two (2) business days after delivery to Purchaser of this Contract as executed by Seller, Purchaser shall (i) pay to Seller the sum of **Two Hundred Thousand and 00/100 Dollars (\$200,000.00)**; and (ii) deposit in a strict joint order escrow account (the "**Earnest Money Escrow**") with Ticor Title Insurance Company (the "**Title Company**") the sum of **One Hundred Thousand and 00/100 Dollars (\$100,000.00)**. The amounts described in (i) and (ii) above are hereinafter collectively referred to as the "**Earnest Money**". The total Earnest Money in the amount of **Three Hundred Thousand and 00/100 Dollars (\$300,000.00)** shall not be refundable, except as expressly set forth herein, and shall be applied to the Purchase Price payable at Closing (as defined below). Purchaser agrees to pay the Purchase Price, plus or minus prorations, at the time of Closing.

4. **Closing**. The time of "**Closing**" shall be the later of (i) ten (10) days following written notice from Purchaser to Seller that Purchaser has recorded a Plat of Subdivision establishing the Relocation Parcel as a legal lot; and (ii) **May 31, 2007** (the "**Closing Date**"), unless mutually agreed otherwise, at the office of, 171 North Clark Street, Chicago, Illinois, 60601, provided title is shown to be as specified in this Contract. In the event Purchaser has not recorded a Plat of Subdivision establishing the Relocation Parcel

as a legal lot on or prior to **December 31, 2007**, either party may thereafter terminate this Contract by written notice to the other in accordance with the requirements of Paragraph 11 below. At Closing, Purchaser shall pay the Purchase Price less the Earnest Money-plus or minus prorations, and Seller shall convey title and possession of the Property to Purchaser, subject to the post-closing right of possession of Seller described in Paragraph 16, below. This sale shall be closed through an escrow in accordance with the general provisions of the usual form of Deed and Money Escrow Agreement then in use by the Title Company, with such special provisions inserted in the escrow agreement as may be required to conform to this Contract. Upon the creation of such an escrow, anything herein to the contrary notwithstanding, payment of Purchase Price and delivery of Deed shall be made through the escrow. The cost of the escrow shall be divided equally between Seller and Purchaser.

5. Title.

a. Seller shall deliver or cause to be delivered to Purchaser, not more than five (5) days after the date hereof, a title commitment for an owner's title insurance policy issued by the Title Company in the amount of the Purchase Price, covering title to the Property on or after the date hereof, showing title in Seller subject only to: (a) the general exceptions contained in the policy; (b) the Permitted Exceptions; and (c) title exceptions pertaining to liens or encumbrances of a definite or ascertainable amount which shall be removed by the payment of money at the time of Closing and which Seller shall so remove at that time by using the funds to be paid upon the delivery of the Deed. At Closing, Seller shall cause the Title Company to issue its policy with extended coverage over the General Exceptions contained in the policy in the amount of the Purchase Price. Any expense of obtaining the extended coverage over the General Exceptions shall be borne by Seller. If the title commitment for the Property discloses exceptions which are not Permitted Exceptions, Seller shall have until ten (10) days prior to Closing to have the exceptions removed from the commitment or to have the Title Company commit to insure against loss or damage that may be occasioned by such exceptions. If Seller fails to have the exceptions removed or in the alternative, to obtain the commitment for title insurance specified above as to such exceptions within the specified time, Purchaser may terminate this Contract and all Earnest Money shall be immediately returned to Purchaser or may elect, upon notice to Seller at or prior to Closing, to take title as it then is with the right to deduct from the Purchase Price liens or encumbrances of a definite or ascertainable amount and the cost of title insurance over such exceptions. If Purchaser does not so elect, these matters shall be deemed additional Permitted Exceptions. The title commitment shall be conclusive evidence of good title as therein shown as to all matters insured by the policy, subject only to the exceptions as therein stated.

Rs0
\$60,000
See
b. Purchaser shall deliver or cause to be delivered to Seller, not more than five (5) days after the date Purchaser closes on the Relocation Parcel, a title commitment for an owner's title insurance policy issued by the Title Company in the amount of Eight Hundred Sixty Thousand and 00/100 Dollars (~~\$10,000.00~~), covering title to the Relocation Parcel on or after the date hereof, showing title in Purchaser subject only to: (a) the general exceptions contained in the policy; (b) the Relocation Parcel Permitted Exceptions; and (c) title exceptions pertaining to liens or encumbrances of a definite or ascertainable amount which shall be removed by the payment of money at the time of Closing and which Purchaser shall so remove at that time. At Closing, Purchaser shall cause the Title Company to issue its policy with extended coverage over the General Exceptions contained in the policy in the amount of Eight Hundred Sixty Thousand and 00/100 Dollars (\$860,000.00). Any expense of obtaining the extended coverage over the General Exceptions shall be borne by Purchaser. If the title commitment for the Relocation Parcel discloses exceptions which are not Relocation Parcel Permitted Exceptions, Purchaser shall have until ten (10) days prior to Closing to have the exceptions removed from the commitment or to have the Title Company commit to insure against loss or damage that may be occasioned by such exceptions. If Purchaser fails to have the exceptions removed or in the alternative, to obtain the commitment for title insurance specified above as to such exceptions within the specified time, Seller may terminate this

Contract or may elect, upon notice to Purchaser at or prior to Closing, to take title as it then is. If Purchaser does not so elect, these matters shall be deemed additional Permitted Exceptions. The title commitment shall be conclusive evidence of good title as therein shown as to all matters insured by the policy, subject only to the exceptions as therein stated.

6. **Survey.** Seller has provided Purchaser a plat of survey dated September 9, 2004 (the "Existing Survey"). Seller shall, at Seller's expense, provide a current update of the Existing Survey certified to the Purchaser (the "Updated Survey"). Should the Updated Survey disclose any matters which are not Permitted Exceptions or otherwise not in compliance with this Paragraph 6, Seller, at Seller's sole expense, shall have ten (10) days after the date of delivery of the Updated Survey to remove, cure or correct such matters or noncompliance and give notice thereof by delivery of a revised Updated Survey to Purchaser. If Seller fails to do so within such specified time, then Purchaser may terminate this Contract and all Earnest Money shall be immediately returned to Purchaser, or elect upon notice given to Seller on or before fifteen (15) days after the date Purchaser delivers the Updated Survey to Seller, to purchase the Property as it is then-with the right to deduct from and set off and credit against the Purchase Price the amount or value of any such matters or non-compliance.

7. **Real Estate Brokers.** Purchaser warrants to Seller and Seller warrants to Purchaser that no real estate agent, finder, sales person, or broker has been involved in the sale and purchase of the Property hereunder other than Ken Marino (the "Broker"), whose commissions and fees shall be paid by Seller. Purchaser warrants to Seller and Seller warrants to Purchaser that no real estate agent, finder, sales person, or broker has been involved in the sale and purchase of the Relocation Property. Except for Seller's liability for Broker's commissions and fees regarding the Property, neither party shall have liability for, nor duty to pay, any commission, fee or charge to any other person(s) as aforescribed. In the event of a breach of the foregoing warranty, the breaching party shall save, defend, indemnify and hold forever harmless the other party from and against all damages including specifically those based upon claims for commissions, fees or charges, including attorney's and paralegal's fees and legal costs.

8. **Prorations and Real Estate Taxes.** Seller shall pay all taxes and assessments on the Property on or before the date when due. Unpaid taxes and assessments on the Property not otherwise due but accrued shall be prorated as of the Closing Date based upon 105% of the most recent ascertainable tax bill. Seller shall be liable for any back tax bill which may be imposed by taxing authorities related to the period prior to the Closing Date.

9. **Uniform Vendor and Purchaser Risk Act.** The provisions of the Uniform Vendor and Purchaser Risk Act of the State of Illinois shall not be applicable to this Contract. In the event of damage to or destruction of any improvements on the Property prior to Closing, the parties shall proceed to Closing and Seller shall retain all right, title and interest of Seller in and to any proceeds of insurance payable as the result of such damage or destruction.

10. **Default.** In the event of a default by Seller under this Contract and the failure of Seller to cure such default within 10 days after written notice to Seller from Purchaser, at the option of Purchaser, this Contract shall be terminated and the Earnest Money immediately returned to Purchaser or Purchaser may seek the remedy of Specific Performance. In the event of a default by Purchaser under this Contract and the failure of Purchaser to cure such default within 10 days after written notice to Purchaser from Seller, at the option of Seller, this Contract shall be terminated and the Earnest Money shall be retained by Seller as liquidated damages.

11. **Notice.** All notices herein required shall be in writing and shall be served on the parties at the addresses following their signatures. Notice shall be served prior to 5:00 p.m. Central Time by: (i) registered or certified mail, return receipt requested; (ii) nationally recognized overnight courier; (iii) or

facsimile transmission with the original notice and proof of transmission sent by US Mail. A business day shall be defined as a day when Cook County Courts are in regular session. Copies of notices to Purchaser shall be sent to Schain, Burney, Ross & Citron, Ltd., 222 North LaSalle Street, Suite 1910, Chicago, Illinois, 60601, Attention: Robert C. Kenny and David J. O'Keefe (telephone: 312-332-0200; facsimile: 312-332-4514). Copies of notices to Seller shall be sent to Rieff, Schramm & Kanter, 100 North LaSalle Street, 34th Floor, Chicago, Illinois 60602, Attention: Donald L. Schramm (telephone: 312-372-2500; facsimile: 312-372-2550) and to Law Offices of John Peter Curielli, 126 South Northwest Highway, Barrington, Illinois, 60010, Attention: John Peter Curielli (telephone: 847-381-7555; facsimile: 847-381-7578).

12. **Compliance with Foreign Investment in Real Property Tax Act.** At the Closing, Seller shall furnish to Purchaser a completed and executed "Non-Foreign Person Affidavit" for purposes of complying with the documentation and evidentiary standards of the Foreign Investment in Real Property Tax Act, Internal Revenue Code Section 1445, as amended, and the regulations thereunder and establishing that Seller is not a "foreign person" (as defined therein). Seller acknowledges that the aforesaid affidavit will be retained by Purchaser and will be made available to the Internal Revenue Service upon request. If Seller does not deliver such affidavit at or before Closing, then Purchaser may terminate this Contract at Closing and all Earnest Money shall be immediately returned to Purchaser.

13. **Village Approval.** Village adopted Ordinance # O-198-06 on November 20, 2006, which Ordinance authorized the Village Manager to acquire and execute all documents necessary and convenient to closing on property at the southeast corner of Rand Road and Hicks Road commonly known as 2083 N. Rand Road, in the Rand Road Corridor Redevelopment Project Area.

14. **Due Diligence and Inspection.**

a. Seller hereby grants to Purchaser and Purchaser's employees, agents, invitees, licensees, guests and independent contractors, the right, license and privilege to enter upon and inspect, test, study, examine, analyze, survey, investigate and audit the Property for so long as this Contract is in force and effect. Purchaser shall provide Seller with notice at least twenty four (24) hours in advance of the time at which Purchaser desires to conduct such inspections, tests, studies, examinations, analyses, surveys, investigations and/or audits. Such right, license and privilege shall include, without limitation, the taking and making of soil tests, soil compaction and other subsurface and/or structural load bearing analysis, termite inspection, environmental samplings, water surveys and quality tests, percolation tests, sewerage disposal tests, drainage determinations, stress tests, systems performance tests, appraisals, and such other tests, inspections, investigations, audits, studies, analyses, surveys and examinations as Purchaser in Purchaser's sole discretion desires, related to Purchaser's acquisition and ownership of the Property, all at Purchaser's sole cost and expense. All such activities performed by or for Purchaser shall be non-destructive except where reasonably necessary to accomplish the purpose thereof. Purchaser shall, immediately at the request of Seller upon any termination hereof (other than as caused by the breach or default of Seller), restore the Property to the condition thereof existing immediately prior to any such activities.

b. Seller shall make available to Purchaser and Purchaser's employees, agents, attorneys, accountants and independent contractors, for purposes of inspection, audit, review, investigation, examination, analysis, and copying, manually or by machine, originals (or if not available then copies) of all contracts, papers, documents and records (the "**Documents**") of Seller or in Seller's possession, custody or control relating to the Property, including, without limitation, the following (collectively "**Seller's Deliveries**"):

i. all contracts, leases, instruments, agreements, covenants, guaranties, warranties, lawsuits,

claims, settlements and other like documents relating to the Property, including without limitation those relating to services or goods being provided to or for the Property;

ii. all technical, environmental, systems, structural, engineering, soil, architectural, or similar drawings, specifications, audits or reports relating to the Property;

iii. all surveys or plats depicting the Land, the existing improvements either internally or externally, or the datum, elevations, size, location, boundaries and topography of the Land;

iv. all documents relating to the condition of title of the Property including all title insurance commitments, policies, documents of record (including deeds and mortgages), declarations of protective covenants and/or restrictions, grants or declarations of easements, licenses and similar documentation; and

v. all certificates, consents, permits and approvals issued by any governmental or quasi-governmental authorities, public utilities or associations having jurisdiction over the Property and related to the ownership of the Property, or the use, operation or occupancy of the Property.

The Documents shall be made available to Purchaser and Purchaser's employees, agents and independent contractors as aforesaid, at Seller's office, at the office of Seller's Environmental Consultant, or at a specific, agreed upon location, during all regular business hours for so long as this Contract is in force and effect. Purchaser shall provide Seller with notice at least twenty four (24) hours in advance of the time at which Purchaser desires the Documents to be available. In the event that any of the Documents cannot be made available within the aforesaid time period, then Purchaser and Seller shall reschedule future times when the same shall be available. The Documents shall be made available to Purchaser reasonable number of times and for as long as Purchaser reasonably requires.

c. This Contract, Purchaser's duties, liabilities and performance hereunder and payment of the Purchase Price are expressly made subject to and preconditioned upon Purchaser's approval in Purchaser's sole and uncontrolled discretion, of the purchase of the Property on or before **April 30 2007** (the "**Inspection Period**"). Should Purchaser in Purchaser's sole and uncontrolled discretion determine that the Property is unacceptable or unsatisfactory, Purchaser shall so notify Seller within the Inspection Period and the Earnest Money shall be immediately returned to Purchaser, and this Contract shall terminate and become null and void without further action of either party.

d. Purchaser shall be completely responsible for all of Purchaser's acts and omissions and those of Purchaser's employees, agents and independent contractors in exercising such rights and privileges as are granted in this Paragraph 14. Purchaser hereby indemnifies Seller and shall hold Seller free and harmless from and against any and all losses, costs, damages and expenses (including, without limitation, reasonable attorney's fees) suffered or incurred by Seller by reason of the exercise of the rights and privileges granted to Purchaser in this Paragraph 14 or the breach of Purchaser's covenant to restore the Property contained herein.

e. Any "due diligence" test, study, examination, analysis, survey, investigation, or audit of the Property made by Purchaser pursuant hereto shall not waive or in any way limit Purchaser's rights elsewhere created by this Contract, including specifically as may arise from any representations or warranties of Seller, nor constitute a waiver, release or satisfaction of any conditions to the consummation of the transaction contemplated hereby except as may be contained in this Paragraph 14.

15. **Seller's Assurances.** Seller warrants and represents, as applicable, the following during the pendency of this Contract:

a. Except for Seller, at the time of Closing there will be no persons in possession or occupancy of the Property, nor will there be any persons who have possessory rights with respect to the Property. It is expressly understood that Seller, at Seller's option, shall have the option to maintain use and occupancy of the Property to and including September 30, 2008, as set forth in Paragraph 16, below.

b. Seller has full capacity, right, power and authority to execute and perform this Contract and all documents to be executed by Seller pursuant hereto. This Contract and all documents to be executed pursuant hereto by Seller are and shall be binding upon and enforceable against Seller in accordance with their respective terms.

~~c. Seller has received no written notice of any claims, causes of action or other litigation or proceedings pending or threatened with respect to the ownership or operation of the Property or any part thereof (including disputes with tenants, mortgagees, governmental authorities, utilities, contractors, adjoining land owners and suppliers of goods or services).~~

d. Seller has received no written notice of any existing, pending, contemplated, threatened or anticipated condemnation of any part of the Property.

e. (i) Except as may be disclosed in Seller's Deliveries, there are no known Hazardous or Toxic Materials (as hereinafter defined) which exist on or under the surface of the Property or in any surface waters or ground waters on or under the Property, and no escape, seepage, spillage, discharge, emission or release of any Hazardous or Toxic Material has occurred or shall occur on, under, above or emanate from the Property; (ii) the Property has not, is not now and prior to Closing will not be used as a sanitary landfill, dump site, industrial disposal area, treatment or storage site for Hazardous or Toxic Material or for any other similar use, on either a permanent or temporary basis; and (iii) there are no pending, or anticipated suits, actions, investigations, proceedings, liens or notices from any governmental or quasi-governmental agency with respect to the Property, Seller, or Environmental Laws (as hereinafter defined). For purposes of this Contract, the term Hazardous or Toxic Material shall be defined to include: (i) asbestos or any material composed of or containing asbestos in any form and in any type; or (ii) any hazardous, toxic or dangerous waste, contaminant, pollutant, substance, material, smoke, gas or particulate matter, as from time to time defined by or for purposes of the Comprehensive Environmental Response Compensation and Liability Act, as amended, and any law commonly referred to as of the date hereof as "Superfund" or "Superlien" or any successor to such laws, or any other Federal, state or local environmental, health or safety statute, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards concerning or in connection with hazardous, toxic or dangerous wastes, substances, material, gas or particulate matter as now in effect (collectively, the "Environmental Laws"). Seller agrees to hold harmless, defend and indemnify Purchaser from and against any and all loss, damage, cost, liability or expense (including reasonable attorney's and consultant's fees, court costs, penalties and fines) relating to personal property or economic injury arising from a violation or inaccuracy of the representations, warranties and covenants contained in this subparagraph g.

f. From and after the date hereof, Seller agrees not to contract to sell, transfer, convey or encumber or cause to be sold, transferred, conveyed or encumbered, the Property, or any part thereof, or otherwise perform or permit any act or deed which shall diminish, encumber or affect Purchaser's rights in and to the Property or prevent it from performing fully its obligations hereunder.

g. Seller shall deliver to Purchaser at Closing a statement certifying that all the representations, warranties and covenants set forth in this Paragraph 15 are true and correct as of the Closing with the same effect as though made on the Closing and shall survive the Closing.

16. Post Closing Possession.

(a) At Closing, Seller shall perform all of the following:

i. deliver, in form satisfactory to Purchaser in Purchaser's sole discretion, an executed post-closing agreement providing for post-closing possession to terminate no later than **September 30, 2008**, and containing such release and indemnification provisions as Purchaser may require;

ii. deliver, in form satisfactory to Purchaser, in Purchaser's sole discretion, certificates of property, general liability and dram shop insurance naming Purchaser as the insured thereunder; and

iii. deposit with Purchaser an Irrevocable Stand-By Letter of Credit, issued by a Bank subject to Purchaser's reasonable approval and upon such terms and conditions as Purchaser may reasonably approve, in the face amount of **Two Hundred Fifty Thousand Dollars (\$250,000.00)** (the "Letter of Credit"). The Letter of Credit shall be held by Purchaser to assure timely delivery of possession of the Property to Purchaser and the condition thereof upon such delivery, and shall provide for draws thereon by Purchaser:

(a) in the face amount thereof at any time after **September 30, 2008** upon presentation to the issuing Bank of an original sworn certificate of the Village Manager or other officer of Purchaser stating that Seller withholds exclusive possession of the Property from the Purchaser as of the date thereof; or

(b) in such amount as may be required to reimburse Purchaser (or Purchaser's successors or assigns) for costs incurred by Purchaser in restoring the Property upon delivery of exclusive possession by Seller, upon presentation to the issuing Bank of an original sworn certificate of the Village Manager or other officer of Purchaser setting forth all costs incurred by Purchaser in removing any vehicles, equipment, construction materials and debris, or other personal property and fixtures from the Property or in remediating any adverse conditions on the Property, including but not limited to environmental conditions, if applicable, discovered by Purchaser (or Purchaser's successors or assigns) upon Seller delivering exclusive possession of the Property free and clear (or upon Purchaser's removal following delivery of possession) of all vehicles, equipment, construction materials and debris, and other personal property and fixtures discovered by Purchaser (or Purchaser's successors or assigns) upon Seller delivering exclusive possession of the Property.

Purchaser shall have the right to assign all of Purchaser's right, title and interest in and to the Letter of Credit to any successor or assign of Purchaser without Seller's consent. The Letter of Credit shall be returned to Seller upon Seller delivering to Purchaser exclusive possession of the Property, the removal of any vehicles, equipment, construction materials and debris, or other personal property and fixtures, and the substantial remediation of all adverse conditions on the Property, including but not limited to environmental conditions.

(b) From the Closing Date to **September 30, 2008**, Seller shall have the right to possession of the Property solely for the purpose of conducting a restaurant business out of existing improvements located thereon, subject to compliance with all codes and ordinances of the Village of Palatine with respect thereto. Seller's right to possession shall be non-exclusive and the Village shall retain the right to authorize and permit entry onto the Property by third parties to conduct inspections, make tests (including intrusive borings), demolish any improvements not utilized for the purpose of conducting a restaurant business, and otherwise prepare the Property for development, all of the foregoing only to the extent that same do not unreasonably interfere with Seller's ability to conduct a restaurant business on the Property. Seller shall pay all charges for utility service, all premiums for the insurance policies described in subparagraph (a)(iii) above, and all real estate taxes payable and accrued during the period of Seller's ownership and occupancy after Closing. In no event shall the Property be used for any use not consistent with and required in connection with the business of a restaurant, including but not limited to the storage of vehicles, equipment, construction materials and construction debris, all of which shall be removed from the Property by Seller prior to Closing. In the event Seller delivers exclusive possession of the Property to Purchaser on or prior to **September 30, 2008**, but Purchaser is required to remove any vehicles, equipment, construction materials and debris, or other personal property or fixtures from the Property, or to remediate any adverse conditions on the Property, including environmental conditions, not capable of being discovered by Purchaser prior to delivery of possession or created by any act or omission of Seller following the Closing Date and prior to delivery of exclusive possession to Purchaser, Purchaser shall thereupon have the right to draw on the Letter of Credit to recover all costs incurred by Purchaser in removing such property or remediating such condition.

(c) The parties acknowledge that the Property is being purchased by Purchaser as part of a larger assemblage that is intended to be developed in a manner that would offer a substantial economic benefit to Purchaser; that Seller's failure to deliver exclusive possession of the Property to Purchaser (or Purchaser's successors or assigns) on or before **September 30, 2008**, would cause irreparable harm to Purchaser or such successors or assigns; that the damage that would result from Seller withholding exclusive possession of the Property after **September 30, 2008** is difficult if not impossible to quantify at this time. In light of the foregoing, the parties hereby acknowledge and agree that, in the event of Seller's failure to deliver exclusive possession of the Property to Purchaser (or Purchaser's successors or assigns) on or before **September 30, 2008**, Purchaser may draw on the Letter of Credit to the face amount thereof, which sum shall be forfeited to Purchaser as liquidated damages for such failure and not as a penalty, and Purchaser shall thereafter have the right to resort to any remedies at law or in equity to recover exclusive possession of the Property in addition to drawing the full amount of the Letter of Credit as liquidated damages. Seller shall remove all vehicles, equipment, construction materials and debris, and all other personal property and fixtures from the Property prior to delivery of possession to Purchaser.

17. Miscellaneous.

(a) This Contract may be assigned by Purchaser, in Purchaser's sole discretion, without first obtaining the consent of Seller.

(b) This Contract shall be binding upon and inure to the benefit of the parties and their respective heirs, personal representatives, successors, grantees and assigns.

(c) This Contract may be executed in counterparts, each of which may be deemed to be an original, and all so executed shall constitute one and the same agreement.

(d) This Contract embodies the entire agreement between the parties with respect to the Property. No extension or amendment of this Contract shall be made or claimed by any party or have any force or effect whatsoever unless same shall be set forth in writing and signed by the parties.

(e) Wherever applicable, the gender of any words used in this Contract shall be construed to include any other gender, and any words used in the singular form shall be construed as though they were used in the plural form.

(f) Time is of the strictest and most absolute essence of this Contract.

(g) The representations warranties and covenants contained herein shall survive Closing and recordation of the Deed.

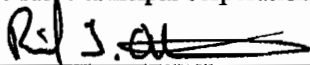
18. **Condemnation.** The parties hereto acknowledge that the Property is being sold by Seller to the Purchaser under threat of condemnation.

----- The parties have executed this Contract on the day and year following signature -----

Purchaser:

VILLAGE OF PALATINE,
a home rule municipal corporation

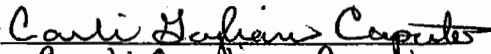
Address: 200 East Wood Street
Palatine, Illinois, 60067

By: 
Name: **Reid T. Ottesen**
Title: Village Manager

Date of execution: 4/9/07

SELLER:

RAND RIDGE, LLC, an Illinois limited
liability company

By: 
Name: Carli Coniglino Caputo
Title: Managing Partner

Address: 2083 Rand Road
Palatine, IL
Date of execution: 4-6-07

F:\HOMEDJO\PALATINE\TORECONTRACTV7.DOC

EXHIBIT A
LEGAL DESCRIPTION - PROPERTY

EXHIBIT B
LEGAL DESCRIPTION - RELOCATION PARCEL

EXHIBIT B-1

SITE PLAN – RELOCATION PARCEL

EXHIBIT C
PERMITTED EXCEPTIONS - PROPERTY

EXHIBIT D
PERMITTED EXCEPTIONS – RELOCATION PARCEL

This acknowledges my receipt of the check from the Village of Palatine to Rand Ridge LLC in the amount of \$200,000.

SALVATORE GAGLIANO
Name (print)

Salvatore Gagliano
Signature

4-10-07
Date

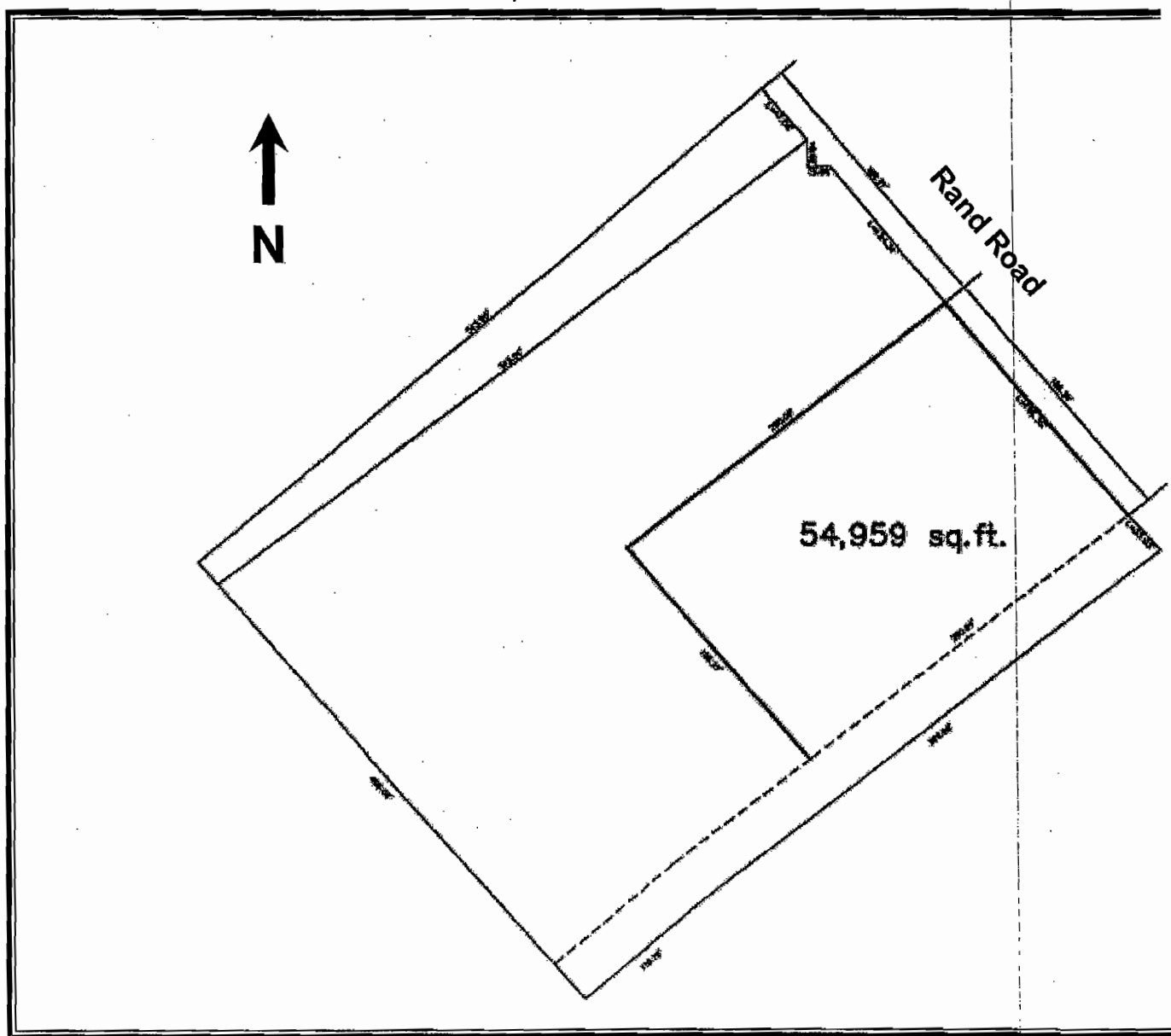


Exhibit C

LICENSE AGREEMENT

This LICENSE AGREEMENT ("Agreement") is made as of this ____ day of _____, 2007, by and between **VILLAGE OF PALATINE**, an Illinois municipal home rule corporation ("Village") and _____, an Illinois corporation (referred to as "Licensee").

The following recitals of fact are a material part of this Agreement.

A. Village is a home rule unit of government in accordance with Article VII, Section 6, of the Constitution of the State of Illinois, 1970;

B. Village is the owner of a certain parcel of land in the Village of Palatine, County of Cook and State of Illinois, graphically depicted on Exhibit A attached hereto and made a part hereof ("Property").

C. Licensee wishes to receive, and Village wishes to grant a non-exclusive license to perform soil borings and Phase 1 and Phase 2 environmental studies on the Property and other required due diligence studies.

NOW, THEREFORE, in consideration of the foregoing, the mutual agreement of the parties hereto and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Grant of License for Soil Tests, Phase 1 and Phase 2 Environmental Studies and Other Required Due Diligence Studies. Village hereby grants to Licensee, a non-exclusive license to perform all required soil borings, Phase 1 and Phase 2 environmental studies on the Property and other required due diligence studies.

2. Term of License. The license granted hereunder shall commence on the date hereof and shall terminate (the "Termination Date") upon a breach of the terms hereof; or upon completion of the soil borings, environmental studies and other due diligence studies as deemed necessary by Licensee. Upon the occurrence of any of the events described in the preceding sentence, this License shall immediately expire.

3. License Only. This Agreement creates a license only and Licensee acknowledges that Licensee does not and shall not claim at any time any interest or estate of any kind or extent whatsoever in the Property by virtue of such license.

4. License for Access and Construction. In addition to the license created by this Agreement, this Agreement creates a license for access across the Property for the purpose of the soil borings, environmental studies, and other required due diligence studies. The term of the license for access shall terminate on the Termination Date.

5. Return of the Property. At the termination of Licensee's license, Licensee shall repair and restore the Property to its condition prior to the tests and studies being performed on the Property.

6. Payment for Services. The Licensee shall pay all contractors and sub-contractors for all work performed under this Agreement.

7. Code Compliance. During the term of this license, Licensee shall comply with all applicable laws, statutes, ordinances, codes, rules, regulations, orders and decrees. Further, Licensee shall obtain all required permits and approvals prior to commencing the soil borings and environmental studies.

8. Reservation of Rights by Village. The right to use the Property owned by the Village is expressly reserved by Village, its successors, grantees, invitees and assigns. In addition, and not by limitation but by way of example, Village, its successors, grantees, invitees and assigns, reserve the right from time to time to grant additional licenses upon the Property, provided that such licenses do not unreasonably interfere with Licensee's use of the Property pursuant to the terms hereof.

9. No Transfer by Licensee. Licensee shall not transfer any of its rights hereunder without the prior written consent of Village. Any such assignment made without the prior written consent of Village shall be null and void and of no further force or effect.

10. Indemnity. Licensee for and on behalf of itself and all successors, grantees, invitees and assigns, assumes sole and entire responsibility for any and all loss of life, injury to persons or damage to property that may be sustained directly or indirectly or arising out of the Licensee's entry on the property and soil boring and environmental study activities of the Licensee, its successors, grantees, invitees and assigns and all of their officers, directors, employees, representatives and agents.

11. Insurance.

A. Worker's Compensation Insurance. Licensee shall obtain coverage in compliance with the State of Illinois Worker's Compensation Act.

B. Employer's Liability Insurance. Licensee shall obtain occupational accident and disease protection for all employees not covered by the Worker's Compensation Act. The limits are for not less than \$500,000 for any one occurrence, or such higher limited necessary to satisfy the requirements of the umbrella liability insurance discussed below.

C. Public Liability Insurance. Licensee shall obtain coverage on an occurrence form basis with limits of not less than \$1,000,000 combined single limit without any annual aggregate limit or \$1,000,000 per occurrence with an annual aggregate limit of \$2,000,000 per location.

12. No Liens. Licensee shall not permit any lien to be filed against any portion of the Property or any improvements thereon for any labor or materials in connection with work of any character performed or claimed to have been performed on the Property at the direction or sufferance of Licensee.

In the event any such lien is filed against any portion of the Property or any improvements thereon, Licensee shall remove or cause to be removed such lien within thirty (30) days of written notice from Village. In the event Licensee does not remove or cause to be removed such lien within said thirty (30) day period, Village shall have the right, but not the obligation, to cause such lien to be released and Licensee shall pay on demand all of Village's costs in connection therewith, together with interest thereon at the interest rate set forth in Paragraph 13 hereof, accruing from and after the date of such demand until Village's receipt of full payment therefor.

13. Code Violation. Licensee shall not permit any code violation to be filed against the Property as a result of Licensee's activities.

In the event Licensee does not remove or cause to be removed such code violation within said time period, Village shall have the right, but not the obligation, to cause such violation removed and Licensee shall pay on demand all of Village's costs in connection therewith.

14. Breach by Licensee. If Licensee breaches any provision in this Agreement and fails to take steps to cure any such breach within five (5) business after written notice thereof, in addition to any other right or remedy available at law or in equity, including but not limited to termination of this Agreement, the Village shall have the right, but not the obligation, to cure any such breach and Licensee agrees to reimburse Village for the cost thereof upon demand.

15. No Warranty. Village hereby makes and has made no representations, statements, warranties or agreements to Licensee in or in connection with this Agreement or the Property.

16. Notices. All notices and other communications given pursuant to this Agreement shall be in writing and shall be deemed properly served if delivered in person to the party to whom it is addressed or on the third (3rd) day after deposit in the U.S. mail as registered or certified mail, return receipt requested, postage prepaid or sent by facsimile transmission, as follows:

If to Village:

Village of Palatine
200 East Wood Street
Palatine, Illinois 60067
Attention: Village Manager
Fax: (847) 359-9094

With copies to:

Schain, Burney, Ross & Citron, Ltd.
222 North LaSalle Street, Suite 1910
Chicago, Illinois 60601
Attention: Robert C. Kenny
Fax: (312) 332-4514

If to Licensee:

With a copy to:

17. Prevailing Party. In the event either party shall use legal counsel to enforce this Agreement, the non-prevailing party shall pay the legal fees of the prevailing party.

18. Binding on Successors. This Agreement shall be binding upon and shall inure to the benefit of the Village and the Licensee and the respective successors and permitted assigns of each upon execution hereof by the Village and the Licensee. Two (2) duly executed duplicate originals of this Agreement shall be provided to each party. This Agreement creates no rights as a third party beneficiary or otherwise in any person not a party.

19. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall together constitute one and the same instrument.

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

VILLAGE:

VILLAGE OF PALATINE,

an Illinois municipal home rule corporation

By: _____

Reid T. Ottesen, Village Manager

Attest: _____

Village Clerk

LICENSEE:

Rand Ridge LLC

By: _____

Printed Name: _____

Title: _____

EXHIBIT A
Plan of Property

\\SFB1\VOL1\HOME\RCK\PALATINE\Downtown Redevel & TIF\Tore License Agreement 06-25-07.doc

EXHIBIT D - DEVELOPMENT SCHEDULE

ACTION:	TARGET DATE:	DEFAULT DATE:	PENALTY:
Apply for Preliminary & Final PUD Approval	July 15, 2007	August 1, 2007	NONE
Apply for Building Permit	September 1, 2007	November 1, 2007	NONE
Commence Construction	November 1, 2007	March 1, 2008	\$25,000
Building Fully Enclosed (Under Roof & with all Windows and Exterior Doors)	May 1, 2008	August 1, 2008	\$25,000
Complete the Project and Open for Business	September 30, 2008	December 31, 2008	\$100,000

Note: The dates established above are for Development Schedule purposes only and shall not override any other timing dates established within this Redevelopment Agreement or any related exhibit.

Village of Palatine - Tore Restaurant
 Projects to be Completed by Mid-2008 and Fully Assessed in 2009
 TIF Projections - For Proposed Site Only

DRAFT/CONFIDENTIAL
 6/18/2007

1

Project/Location	Project Description
Site D	Construction of New Restaurant at 6,000 SF

MASTER ASSUMPTIONS LIST

Annual Inflation Rate		3%
Demolition		
Demolition Start Year		2008
Demolition Duration (Yrs.)		1
Assessment and Taxation		
2003 Equalization Factor		2.7320
2005 Tax Rate - TC 29154		8.107%
Assessment Schedule		Retail
Percentage Newly Assessed in	2006	0.0%
Percentage Newly Assessed in	2007	0.0%
Percentage Newly Assessed in	2008	0.0%
Percentage Newly Assessed in	2009	100.0%
	Total	100.0%

Note: These projections are based on estimates, assumptions, and other information developed from research of the market, knowledge of the industry, and meetings during which we obtained certain information. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those shown here and the variations may be material.

6/18/2007

DEDUCTIONS

Existing PDN's (Site D)	Size of PDN/Size	2001 Frozen EAV	2005 AV	2005 EAV
02-02-400-060-0000	204,840	\$235,133	\$	\$133,540
02-02-400-060-0000	55,000	\$63,134	\$	\$35,856
Prorated Site (Portion of 02-02-400-060-0000)	27%	\$63,134	\$	\$35,856
Total Deduction				\$97,686

TIF Year	Year	Triennial Reassess.	Projected EAV Deducted Parcels	Assumed EAV Deduction Per Phase	Cumulative EAV Deductions
	2000	0.00%	\$ -	\$ -	\$ -
0	2001	9.27%	\$ 63,134	\$ -	\$ -
0	2002	0.00%	\$ 63,134	\$ -	\$ -
0	2003	0.00%	\$ 63,134	\$ -	\$ -
1	2004	9.27%	\$ 68,989	\$ -	\$ -
2	2005	0.00%	\$ 97,958	\$ -	\$ -
3	2006	0.00%	\$ 97,958	\$ -	\$ -
4	2007	9.27%	\$ 107,041	\$ -	\$ -
5	2008	0.00%	\$ 107,041	\$ -	\$ -
6	2009	0.00%	\$ 107,041	\$ 107,041	\$ 107,041
7	2010	9.27%	\$ 116,967	\$ -	\$ 116,967
8	2011	0.00%	\$ 116,967	\$ -	\$ 116,967
9	2012	0.00%	\$ 116,967	\$ -	\$ 116,967
10	2013	9.27%	\$ 127,813	\$ -	\$ 127,813
11	2014	0.00%	\$ 127,813	\$ -	\$ 127,813
12	2015	0.00%	\$ 127,813	\$ -	\$ 127,813
13	2016	9.27%	\$ 139,665	\$ -	\$ 139,665
14	2017	0.00%	\$ 139,665	\$ -	\$ 139,665
15	2018	0.00%	\$ 139,665	\$ -	\$ 139,665
16	2019	9.27%	\$ 152,615	\$ -	\$ 152,615
17	2020	0.00%	\$ 152,615	\$ -	\$ 152,615
18	2021	0.00%	\$ 152,615	\$ -	\$ 152,615
19	2022	9.27%	\$ 166,767	\$ -	\$ 166,767
20	2023	0.00%	\$ 166,767	\$ -	\$ 166,767
21	2024	0.00%	\$ 166,767	\$ -	\$ 166,767
22	2025	9.27%	\$ 182,231	\$ -	\$ 182,231
23	2026	0.00%	\$ 182,231	\$ -	\$ 182,231

Note: These projections are based on estimates, assumptions, and other information developed from research of the market, knowledge of the industry, and meetings during which we obtained certain information. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those shown here and the variations may be material.

6/18/2007

DEVELOPMENT PROGRAM

Retail Comparables

Retail Comparables	Total SF	Total AV (055)	AV (psf of bldg)*	Total EAV (055)	EAV (psf of bldg)*
Photo's Hardware (02-14-400-061-0000)	1,400	\$ 197,643	\$ 141.18	\$ 197,643	\$ 141.18
Pumped Bakery (07-13-306-004-0000)	5,450	\$ 445,327	\$ 81.54	\$ 445,327	\$ 81.54
Colvers (02-02-003-001-0000)	5,040	\$ 328,500	\$ 65.18	\$ 328,500	\$ 65.18
Average	4,632	\$ 322,793.00	\$ 69.82	\$ 322,793.00	\$ 69.82
Weighted Average			\$ 69.82		\$ 69.82

Retail Additions

	Total SF	Total AV (055)	AV (psf of bldg)*	Total EAV (055)	EAV (psf of bldg)*	Total Taxes	Taxes psf of bldg.
Total Retail Additions (2005 Dollars)	6,000	\$ 409,708	\$ 68.28	\$ 1,119,323	\$ 186.55	\$ 90,743	\$ 15.12

	Total SF	Total AV (055)	AV (psf of bldg)	Total EAV (055)	EAV (psf of bldg)
Total Retail Additions (2009 Dollars)	6,000	\$ 461,130	\$ 76.86	\$ 1,259,807	\$ 209.97

*EAV per square foot derived from comparable properties in Cook County.

Note: These projections are based on estimates, assumptions, and other information developed from research of the market, knowledge of the industry, and meetings during which we obtained certain information. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those shown here and the variations may be material.

ADDITIONS

Year	Inflation Factor For Commercial	Triennial Reassessment	EAV Additions		
			Retail Phasing	Retail	EAV Addition
2009	N/A	0.00%	0.0%	\$ -	\$ -
2010	N/A	9.27%	0.0%	\$ -	\$ -
2011	N/A	0.00%	0.0%	\$ -	\$ -
2012	N/A	0.00%	0.0%	\$ -	\$ -
2013	N/A	9.27%	0.0%	\$ -	\$ -
2014	N/A	0.00%	0.0%	\$ -	\$ -
2015	1.09	0.00%	0.0%	\$ -	\$ -
2016	1.03	0.00%	0.0%	\$ -	\$ -
2017	1.06	9.27%	0.0%	\$ -	\$ -
2018	1.09	0.00%	0.0%	\$ -	\$ -
2019	1.13	0.00%	100.0%	\$ 1,259,807	\$ 1,259,807
2020	1.16	9.27%	0.0%	\$ -	\$ 1,376,626
2021	1.19	0.00%	0.0%	\$ -	\$ 1,376,626
2022	1.23	0.00%	0.0%	\$ -	\$ 1,376,626
2023	1.27	9.27%	0.0%	\$ -	\$ 1,504,276
2024	1.30	0.00%	0.0%	\$ -	\$ 1,504,276
2025	1.34	0.00%	0.0%	\$ -	\$ 1,504,276
2026	1.38	9.27%	0.0%	\$ -	\$ 1,643,763
2027	1.43	0.00%	0.0%	\$ -	\$ 1,643,763
2028	1.47	0.00%	0.0%	\$ -	\$ 1,643,763
2029	1.51	9.27%	0.0%	\$ -	\$ 1,795,184
2030	1.56	0.00%	0.0%	\$ -	\$ 1,795,184
2031	1.60	0.00%	0.0%	\$ -	\$ 1,795,184
2032	1.65	9.27%	0.0%	\$ -	\$ 1,962,739
2033	1.70	0.00%	0.0%	\$ -	\$ 1,962,739
2034	1.75	0.00%	0.0%	\$ -	\$ 1,962,739
2035	1.81	9.27%	0.0%	\$ -	\$ 2,144,738
2036	1.86	0.00%	0.0%	\$ -	\$ 2,144,738

Note: These projections are based on estimates, assumptions, and other information developed from research of the market, knowledge of the industry, and meetings during which we obtained certain information. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those shown here and the variations may be material.

6/18/2007

Table 1: Tax Increment Projections for New Restaurant

TIF Year	Year Assessed [1] [2]	Inflation Factor [3] 3%	2005 EAV Infused Going Forward [4]	EAV Deductions [5]	EAV Additions [6]	Total Taxable EAV [7]	Above Base				
							Incremental Value Above Base [8]	Tax Rate [9]	Projected Revenue (Year Received) Above Base	Revenues Collected (By 12/31) 100% [10]	Incremental Value Above 2001 EAV [9]
0	2000										
0	2001	9.27%	\$ 63,134	\$ -	\$ -	\$ 63,134	\$ -	-	\$ -	\$ -	\$ -
0	2002	0.00%	\$ 63,134	\$ -	\$ -	\$ 63,134	\$ -	8.675%	\$ -	\$ -	\$ -
0	2003	0.00%	\$ 63,134	\$ -	\$ -	\$ 63,134	\$ -	8.993%	\$ -	\$ -	\$ -
1	2004	9.27%	\$ 68,989	\$ -	\$ -	\$ 68,989	\$ 5,854	8.289%	\$ -	\$ -	\$ -
2	2005	0.00%	\$ 77,938	\$ -	\$ -	\$ 77,938	\$ 34,824	8.107%	\$ 485	\$ 485	\$ -
3	2006	0.00%	\$ 77,938	\$ -	\$ -	\$ 77,938	\$ 34,824	8.269%	\$ 2,823	\$ 2,823	\$ -
4	2007	9.27%	\$ 107,041	\$ -	\$ -	\$ 107,041	\$ 43,907	7.719%	\$ 2,880	\$ 2,880	\$ 9,083
5	2008	0.00%	\$ 107,041	\$ -	\$ -	\$ 107,041	\$ 43,907	7.873%	\$ 3,389	\$ 3,389	\$ 9,083
6	2009	0.00%	\$ 107,041	\$ 107,041	\$ 1,259,807	\$ 1,259,807	\$ 1,196,673	8.031%	\$ 3,457	\$ 3,457	\$ 1,161,840
7	2010	9.27%	\$ 116,967	\$ 116,967	\$ 1,376,626	\$ 1,376,626	\$ 1,313,491	7.490%	\$ 96,100	\$ 96,100	\$ 1,278,668
8	2011	0.00%	\$ 116,967	\$ 116,967	\$ 1,376,626	\$ 1,376,626	\$ 1,313,491	7.640%	\$ 98,461	\$ 98,461	\$ 1,278,668
9	2012	0.00%	\$ 116,967	\$ 116,967	\$ 1,376,626	\$ 1,376,626	\$ 1,313,491	7.799%	\$ 100,430	\$ 100,430	\$ 1,278,668
10	2013	9.27%	\$ 127,813	\$ 127,813	\$ 1,504,276	\$ 1,504,276	\$ 1,441,142	7.285%	\$ 102,438	\$ 102,438	\$ 1,406,318
11	2014	0.00%	\$ 127,813	\$ 127,813	\$ 1,504,276	\$ 1,504,276	\$ 1,441,142	7.425%	\$ 104,912	\$ 104,912	\$ 1,406,318
12	2015	0.00%	\$ 127,813	\$ 127,813	\$ 1,504,276	\$ 1,504,276	\$ 1,441,142	7.574%	\$ 107,011	\$ 107,011	\$ 1,406,318
13	2016	9.27%	\$ 139,665	\$ 139,665	\$ 1,643,763	\$ 1,643,763	\$ 1,580,629	7.070%	\$ 109,151	\$ 109,151	\$ 1,545,805
14	2017	0.00%	\$ 139,665	\$ 139,665	\$ 1,643,763	\$ 1,643,763	\$ 1,580,629	7.211%	\$ 111,747	\$ 111,747	\$ 1,545,805
15	2018	0.00%	\$ 139,665	\$ 139,665	\$ 1,643,763	\$ 1,643,763	\$ 1,580,629	7.355%	\$ 113,982	\$ 113,982	\$ 1,545,805
16	2019	9.27%	\$ 152,615	\$ 152,615	\$ 1,796,184	\$ 1,796,184	\$ 1,733,050	6.860%	\$ 116,262	\$ 116,262	\$ 1,698,226
17	2020	0.00%	\$ 152,615	\$ 152,615	\$ 1,796,184	\$ 1,796,184	\$ 1,733,050	7.003%	\$ 118,989	\$ 118,989	\$ 1,698,226
18	2021	0.00%	\$ 152,615	\$ 152,615	\$ 1,796,184	\$ 1,796,184	\$ 1,733,050	7.143%	\$ 121,369	\$ 121,369	\$ 1,698,226
19	2022	9.27%	\$ 166,767	\$ 166,767	\$ 1,962,739	\$ 1,962,739	\$ 1,899,605	6.688%	\$ 123,797	\$ 123,797	\$ 1,864,781
20	2023	0.00%	\$ 166,767	\$ 166,767	\$ 1,962,739	\$ 1,962,739	\$ 1,899,605	6.801%	\$ 126,664	\$ 126,664	\$ 1,864,781
21	2024	0.00%	\$ 166,767	\$ 166,767	\$ 1,962,739	\$ 1,962,739	\$ 1,899,605	6.937%	\$ 129,198	\$ 129,198	\$ 1,864,781
22	2025	9.27%	\$ 182,231	\$ 182,231	\$ 2,144,738	\$ 2,144,738	\$ 2,081,604	6.476%	\$ 131,781	\$ 131,781	\$ 2,046,780
23	2026	0.00%	\$ 182,231	\$ 182,231	\$ 2,144,738	\$ 2,144,738	\$ 2,081,604	6.605%	\$ 134,796	\$ 134,796	\$ 2,046,780
24	2027								\$ 137,492	\$ 137,492	
Total 2007-2027 (Not Discounted)									\$ 2,094,305	\$ 2,094,305	Total 2007-2027 (Not Discounted)
PV											PV
2007-2027 @ 7.5%									\$ 877,607	\$ 877,607	2007-2027 @ 7.5%
w/ Debt Coverage Ratio @ 1.25									\$ 702,086	\$ 702,086	w/ Debt Coverage Ratio @ 1.25
PV											PV
2007-2027 @ 5.0%									\$ 1,146,657	\$ 1,146,657	2007-2027 @ 5.0%
w/ Debt Coverage Ratio @ 1.25									\$ 917,326	\$ 917,326	w/ Debt Coverage Ratio @ 1.25

Source: S. B. Friedman & Company

[1] The TIF was established in 2003 with a base year of 2001

[2] Properties in the Village of Palatine are reassessed every third year beginning 2001.

[3] 3% annual inflation is assumed to be applied triennially.

[4] 2001 Base EAV of site adjusted for inflation.

[5] Deductions resulting from demolition or replacement.

[6] Additions resulting from new development.

[7] EAV after all adjustments.

[8] Taxable EAV less Base EAV and 2006 EAV of site. Only includes increment generated beyond 2006.

[9] The 2005 tax rate of 8.107% is projected to decline throughout the life of TIF.

[10] Tax revenues are collected one year after the taxing year at a 100% collection rate.

Note: These projections are based on estimates, assumptions, and other information developed from research of the market, knowledge of the industry, and meetings during which obtained certain information. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those shown here and the variations may be material.

ORDINANCE NO. 0-103-07

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE A FIRST AMENDMENT
TO REDEVELOPMENT AGREEMENT
BETWEEN THE VILLAGE OF PALATINE AND RAND RIDGE, LLC**

PINS: 02-02-203-009--014
02-02-203-020--022

Village of Palatine
Village Clerk's Office
200 E. Wood Street
Palatine, IL 60067

Published in pamphlet form by authority of the
Mayor and Village Council of the Village of Palatine
On June 18, 2007

ORDINANCE NO. 0-103-07

**AN ORDINANCE AUTHORIZING
THE MAYOR TO EXECUTE
A FIRST AMENDMENT TO REDEVELOPMENT AGREEMENT
BETWEEN THE VILLAGE OF PALATINE AND RAND RIDGE, LLC**

WHEREAS, the Village of Palatine by Ordinance Nos. 0-23-03, 0-24-03, 0-25-03 and passed by the Mayor and Village Council on January 27, 2003 established a Tax Increment Financing District, adopted a Tax Increment Redevelopment Plan for Rand Road Corridor and designated a Redevelopment Project Area; and

WHEREAS, the Village of Palatine entered into a Redevelopment Agreement with Rand Ridge, LLC dated September 7, 2004 for the property at the northeast corner of Rand and Hicks Roads; and

WHEREAS, the Mayor and Village Council have on June 18, 2007, considered the proposed First Amendment to Redevelopment Agreement with Rand Ridge, LLC, and have determined that entering into this Agreement furthers the purposes of the Tax Increment Financing District and the Redevelopment Plan for Downtown and furthers the public interest; and

NOW, THEREFORE, BE IT ORDAINED, by the Mayor and Village Council of the Village of Palatine, acting in the exercise of their home rule power that:


SECTION 1: The Village of Palatine hereby authorizes the Mayor to execute the First Amendment to the Redevelopment Agreement attached hereto as Exhibit "A", pursuant to the Tax Increment Financing Act, Section 65 ILCS 5/11-74/4-4(c) and authorizes the Mayor to execute any other supporting documents to the extent permitted by law.

SECTION 2: This Ordinance shall be in full force and effect upon passage and approval as provided by law.

PASSED: This 18th day of June, 2007

AYES: 6 **NAYS:** 0 **ABSENT:** 0 **PASS:** 0


APPROVED by me 18th day of June, 2007



Mayor of the Village of Palatine

ATTESTED and FILED in the office of the Village Clerk

This 18th day of June, 2007



Village Clerk

STATE OF ILLINOIS)
COUNTY OF COOK) SS

I, MARGARET R. DUER, do hereby certify that I am the duly elected, qualified and acting Clerk of the Village of Palatine, Cook County, Illinois, and that I am the keeper of the records, journals, entries, ordinances and resolutions of the said Village of Palatine.

I do further certify that the foregoing Ordinance is a true and correct copy of an Ordinance passed and adopted by the Village Council of the Village of Palatine at a Regular meeting held on the 18 day of June, 2007, and that said ordinance was deposited and filed in the office of the Village Clerk on the 18 day of June, 2007.

I do further certify that the original of which the foregoing is a true copy, is entrusted to my care for safekeeping and that I am the keeper of the same.

I further certify that the vote of the Village Council on the motion to adopt said ordinance was as follows:

AYES: 6 NAYS: 0 ABSENT: 0 PASS: 0

BY WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the Village of Palatine this 5 day of October, 2007.

(S E A L)



Margaret R. Duer
Palatine Village Clerk

FIRST AMENDMENT TO
REDEVELOPMENT AGREEMENT

THIS FIRST AMENDMENT TO REDEVELOPMENT AGREEMENT (this "Amendment"), is made and entered into as of the 18th day of June, 2007 ("Amendment Date") by and between the **VILLAGE OF PALATINE, ILLINOIS**, an Illinois municipal home rule corporation, located in Cook County, Illinois (the "Village"), and **RAND RIDGE LLC**, an Illinois limited liability company, (the "Developer"). (The Village and the Developer are sometimes referred to individually as a "Party" and collectively as the "Parties").

RECITALS

WHEREAS, the Village is a home rule unit of government in accordance with Article VII, Section 6, of the Constitution of the State of Illinois, 1970; and

WHEREAS, the Village has the authority, pursuant to the laws of the State of Illinois, to promote the health, safety and welfare of the Village and its inhabitants, to prevent the presence of blight, to encourage private development in order to enhance the local tax base, to increase additional tax revenues realized by the Village, foster increased economic activity within the Village, to increase employment opportunities within the Village, and to enter into contractual agreements with third parties for the purpose of achieving the aforesaid purposes, and otherwise be in the best interests of the Village; and

WHEREAS, the Village is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et seq., as amended (the "Act"), to

finance redevelopment in accordance with the conditions and requirements set forth in the Act; and

WHEREAS, the parties hereto previously entered into that certain Redevelopment Agreement dated as of the 6th day of September, 2004 and recorded November 18., 2004 (the "Original Redevelopment Agreement"); and

WHEREAS, the parties now wish to terminate the Original Redevelopment Agreement as provided herein below; and

WHEREAS, the terms of the Original Redevelopment Agreement shall terminate and be of no further force or effect pursuant to the terms of and upon the execution of this Amendment; and

WHEREAS, this Amendment has been submitted to the corporate authorities of the Village for consideration and review. The corporate authorities have taken all actions required to be taken prior to the execution of this Amendment in order to make the same binding upon the Village according to the terms hereof and any and all actions of the corporate authorities of the Village precedent to the execution of this Amendment have been undertaken and performed in the manner required by law; and

WHEREAS, this Agreement has been submitted to the manager of the Developer for consideration and review, the manager has taken all actions required to be taken prior to the execution of this Agreement in order to make the same binding upon the Developer according to the terms hereof, and any and all action of the manager of the Developer precedent to the execution of this Agreement have been undertaken and preformed in the manner required by law.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

ARTICLE ONE

INCORPORATION OF RECITALS.

The findings, representations and agreements set forth in the above Recitals are material to this Amendment and are hereby incorporated into and made a part of this Amendment as though fully set out in this Article One, and constitute findings, representations and agreements of the Village and of the Developer according to the tenor and import of the statements in such Recitals.

ARTICLE TWO

DEFINITIONS

For the purposes of this Agreement, unless the context clearly requires otherwise, words and terms used in this Amendment shall have the meanings provided from place to place herein, including above in the recitals hereto and as follows:

"Act" means the Tax Increment Allocation Redevelopment Act found at 65 ILCS 5-11-74.4-1, *et seq.*

"Change in Law" means the occurrence, after the Effective Date, of an event described below provided (i) such event materially changes the costs or ability of the Party relying thereon to carry out its obligations under this Amendment and (ii) such event is not caused by the Party relying thereon. Change in Law means any of the following: (i) the enactment, adoption, promulgation or modification of any federal, state

or local law, ordinance, code, rule or regulation (other than by the Village or with respect to those made by the Village, only if they violate the terms of this Amendment); (ii) the order or judgment of any federal or state court, administrative agency or other governmental body; (iii) the imposition of any conditions on, or delays in, the issuance or renewal of any governmental license, approval or permit (or the suspension, termination, interruption, revocation, modification, denial or failure of issuance or renewal thereof) necessary for the undertaking of the services to be performed under this Agreement; or (iv) the adoption, promulgation, modification or interpretation in writing of a written guideline or policy statement by a governmental agency (other than the Village or with respect to those made by the Village, only if they violate the terms of this Amendment).

"Closing" means on or before May 31, 2007, which is the date on which Village is to acquire title to the Property owned and controlled by Developer.

"Corporate Authorities" means the Village Mayor and Village Council of the Village of Palatine, Illinois.

"Day" means a calendar day.

"Developer" means Rand Ridge, LLC, an Illinois Limited Liability Company, or any successor in interest thereof permitted pursuant to **Section 18.13** of the Original Redevelopment Agreement.

"Original Redevelopment Agreement" means the Redevelopment Agreement entered into between the Parties dated September 6, 2004 and recorded on November 18, 2004 as Document No. 0432344038.

"Party" means the Village and/or Developer and its successors and/or assigns as permitted herein, as the context requires.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, trust, or government or any agency or political subdivision thereof, or any agency or entity created or existing under the compact clause of the United States Constitution.

"Developer's Property" means the 6.6 acre parcel of land as legally described on **Exhibit A**, to be purchased from Developer by Village and currently known as 2083 N. Rand Road, Palatine, Illinois and located on the north side of Rand Road, east of Hicks Road. The Property does include the property formerly known as the Pospicil Property.

"Project" means the originally proposed development, construction, financing, completion and operation of four (4) (or, at the option of Developer five (5)) commercial buildings, a restaurant building consisting of approximately 6,000 thousand (6,000) square feet, a retail building consisting of approximately four thousand five hundred (4,500) square feet, a retail building consisting of approximately three thousand (3,000) square fee, and a retail building consisting of approximately fifteen thousand (15,000) square feet, all in substantial conformance with the Concept Plans.

"Rand Road Redevelopment Project Area" means the entire Rand Road Corridor TIF District created by the Ordinances adopted by the Village in 2003.

"Redevelopment Plan" means the "Redevelopment Plan" for the Rand Road Corridor as defined in the Village Ordinance No. O-23-03.

"Redevelopment Project Costs" means all qualifying redevelopment project costs authorized by the Act and this Agreement.

"State" means the State of Illinois.

"TIF Ordinances" means Ordinances No.'s O-23-03, O-24-03 and O-25-03 all adopted by the Village on January 27, 2003, as described in the Recitals to this Agreement.

"TIF Revenue Stream" means the portion of the real property taxes collected with respect to the Property that is required to be paid to the Village Treasurer for deposit to the Tax Allocation Fund pursuant to Section 11-74.4-8 of the Act, as such provision may be amended from time to time, the proceeds of any other tax or other source of legally available revenue which the Village designates as "TIF Revenue Stream", and interest or other investment income earned on monies on deposit in the Tax Allocation Fund.

"Uncontrollable Circumstance" means any event which:

- (a) is beyond the reasonable control of and without the fault of the Party relying thereon; and
- (b) is one or more of the following events:
 - (i) a Change in Law;
 - (ii) insurrection, riot, civil disturbance, sabotage, act of the public enemy, explosion, nuclear incident, war or naval blockade;
 - (iii) epidemic, hurricane, tornado, landslide, earthquake, lightning, fire, windstorm, other extraordinary weather conditions or other similar Act of God;

- (iv) governmental condemnation or taking other than by the Village;
- (v) strikes or labor disputes, other than those caused by the acts of Developer;
- (vi) a shortage of materials not attributable to the Developer;

Uncontrollable Circumstance shall not include: (1) economic hardship or impracticability of performance (except as described under Change of Law), (2) commercial or economic frustration of purpose, (except as described under Change of Law), (3) unavailability of materials, strikes or labor disputes caused by the acts of Developer, or (4) a failure of performance by a contractor (except as caused by events which are Uncontrollable Circumstances as to the contractor).

"Village" means the Village of Palatine, Illinois, an Illinois municipal corporation.

ARTICLE THREE

CONSTRUCTION

This Amendment, except where the context by clear implication shall otherwise require, shall be construed and applied as follows:

- (a) Definitions include both singular and plural.
- (b) Pronouns include both singular and plural and cover all genders.
- (c) The word "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".
- (d) Headings of sections herein are solely for convenience of reference and do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

- (e) All exhibits attached to this Amendment shall be and are operative provisions of this Amendment and shall be and are incorporated by reference in the context of use where mentioned and referenced in this Amendment. In the event of a conflict between any exhibit and the terms of this Amendment, the terms of this Amendment shall control.
- (f) Any certificate, letter or opinion required to be given pursuant to this Amendment means a signed document attesting to or acknowledging the circumstances, representations, opinions of law or other matters therein stated or set forth. Reference herein to supplemental agreements, certificates, demands, requests, approvals, consents, notices and the like means that such shall be in writing whether or not a writing is specifically mentioned in the context of use.
- (g) In connection herewith concerning written directions or authorization in respect of the investment of any funds, notwithstanding any provision hereof to the contrary, such direction or authorization orally by telephone, other telecommunication or otherwise, confirmed in writing, shall be appropriate and is hereby approved. Failure of the investing agent to actually receive such written confirmation shall not render invalid or ineffective any such oral direction or authorization.
- (h) The Village Manager, unless applicable law requires action by the Corporate Authorities, shall have the power and authority to make or grant or do those things, certificates, requests, demands, notices and other actions required that are ministerial in nature or described in this Amendment for and on behalf of the Village and with the effect of binding the Village as limited by and provided for in this Amendment. Developer is entitled to rely on the full power and authority of

the persons executing this Amendment on behalf of the Village as having been properly and legally given by the Village.

- (i) In connection with the foregoing and other actions to be taken under this Amendment, and unless applicable documents require action by Developer in a different manner, Developer hereby designates Tore Gagliano as its authorized representative who shall individually have the power and authority to make or grant or do all things, supplemental agreements, certificates, requests, demands, approvals, consents, notices and other actions required or described in this Amendment for and on behalf of Developer and with the effect of binding Developer in that connection (such individual being an "Authorized Developer Representative"). Developer shall have the right to change its authorized Developer Representative by providing the Village with written notice of such change which notice shall be sent in accordance with **Section 18.2** of the Original Redevelopment Agreement.

ARTICLE FOUR

VILLAGE PURCHASE OF DEVELOPER PROPERTY

The Village agrees to purchase the Developer Property pursuant to the purchase agreement existing between the Developer and Village, a copy of which is attached hereto as Exhibit B.

ARTICLE FIVE

DEVELOPER TO REMOVE ALL CONSTRUCTION MATERIALS ON THE PROPERTY

Prior to the Village Closing on the Developer's Property, Developer shall remove all construction materials, including asphalt grindings from the Developer's Property.

The Developer's Property shall be returned to the grade of the land in its natural state. No evidence of construction materials or asphalt grindings shall remain on the Developer's Property after Closing. Failure to comply with this provision shall be an Event of Default under the Original Redevelopment Agreement and this Agreement.

ARTICLE SIX

TERMINATION OF REDEVELOPMENT AGREEMENT

At such time as a deed is recorded transferring title of the Developer's Property to the Village, the Parties mutually agree that the Original Redevelopment Agreement and this First Amendment to Redevelopment Agreement between the Parties shall automatically terminate without any further action. At such time, neither party shall have any further duties or responsibilities under the Original Redevelopment Agreement or this First Amendment to Redevelopment Agreement with each Party to cover its own costs and expenses incurred regarding said Original Redevelopment Agreement.

ARTICLE SEVEN

NON-CONFLICT

Non-Conflict or Breach. Neither the execution and delivery of this Amendment by Developer, the consummation of the transactions contemplated hereby by Developer, nor the fulfillment of or compliance with the terms and conditions of this Amendment by Developer conflicts with or results in a breach of any of the terms, conditions or provisions of any offerings or disclosure statement made or to be made on behalf of Developer (with Developer's prior written approval), any organizational documents, any restriction, agreement or instrument to which Developer or any of its partners or venturers is now a party or by which Developer or any of its partners or its

venturers is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any prohibited lien, charge or encumbrance whatsoever upon any of the assets or rights of Developer, any related party or any of its venturers under the terms of any instrument or agreement to which Developer, any related party or any of its partners or venturers is now a party or by which Developer, any related party or any of its venturers is bound.

ARTICLE EIGHT

MISCELLANEOUS PROVISIONS

- 8.1 Time of the Essence.** Time is of the essence of this Amendment.
- 8.2 Counterparts.** This Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same Amendment.
- 8.3 Recordation of Amendment.** The Parties agree to record this Amendment in the appropriate land or governmental records.
- 8.4 Severability.** If any provision of this Amendment, or any Section, sentence, clause, phrase or word, or the application thereof, in any circumstance, is held to be invalid, the remainder of this Amendment shall be construed as if such invalid part were never included herein, and this Amendment shall be and remain valid and enforceable to the fullest extent permitted by law.
- 8.5 Successors in Interest.** This Amendment shall be binding upon and inure to the benefit of the Parties hereto and their respective authorized successors and assigns.

8.6 No Joint Venture, Agency or Partnership Created. Nothing in this Amendment, or any actions of the Parties to this Amendment, shall be construed by the Parties or any third person to create the relationship of a partnership, agency or joint venture between or among such parties.

8.7 No Personal Liability of Officials of Village or Developer. No covenant or agreement contained in this Amendment shall be deemed to be the covenant or agreement of the Mayor, Village Council member, Village Manager, any official, officer, partner, member, director, agent, employee or attorney of the Village or Developer, in his or her individual capacity, and no official, officer, partner, member, director, agent, employee or attorney of the Village or Developer shall be liable personally under this Amendment or be subject to any personal liability or accountability by reason of or in connection with or arising out of the execution, delivery and performance of this Amendment, or any failure in that connection.

8.8 Term. This Amendment shall remain in full force and effect for twenty-three (23) years from the date the Rand Road Redevelopment Project Area was created, unless the Redevelopment Plan with respect to the Redevelopment Project is extended or until termination of the Redevelopment Project Area or until otherwise terminated pursuant to the terms of this Amendment; provided, however, that the Developer's construction obligations hereunder shall terminate pursuant to certificates of completion issued by the Village.

8.9 Municipal Limitations. All municipal commitments are limited to the extent required by law.

8.10 Conflicts. Wherever the terms and conditions of this Amendment conflict with the terms and conditions of the Redevelopment Agreement between the Parties, the terms and conditions of this Agreement shall control and govern.

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

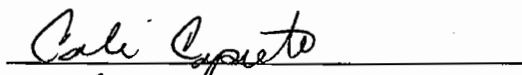

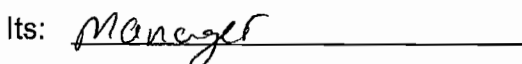
VILLAGE OF PALATINE, an Illinois
municipal corporation


By: Mayor

ATTEST:


By: Village Clerk ~~DEPUTY~~

RAND RIDGE LLC,


By: 
Its: 

C:\RCK\1st Amendment to RDA 06-18-07

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Tracy Gunderson, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Carli Caputo, the manager of RAND RIDGE LLC,, an Illinois limited liability company, who is 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 and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said RAND RIDGE LLC, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 26th day of June, 2007.

Tracy Gunderson
Notary Public

My commission expires 5/15/10.



**Exhibit A
LEGAL DESCRIPTION**

PARCEL 1: 02-02-203-009

THAT PART OF SECTION 2 TOWNSHIP 42 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT THE INTERSECTION OF THE EAST AND WEST $\frac{1}{4}$ LINE OF SAID SECTION WITH THE CENTER LINE OF RAND ROAD; SAID INTERSECTION BEING 1514.39 FEET WEST OF THE EAST LINE OF SAID SECTION; MEASURED ON SAID EAST AND WEST $\frac{1}{4}$ LINE; THENCE NORTHWESTERLY ALONG THE CENTER LINE OF RAND ROAD, SAID CENTER LINE FORMING AN ANGLE OF 47 DEGREES 00 MINUTES 30 SECONDS WITH THE EAST AND WEST $\frac{1}{4}$ LINE OF SAID SECTION, A DISTANCE OF 845.08 FEET TO THE POINT OF BEGINNING; THENCE NORTHEASTERLY AT RIGHT ANGLES TO RAND ROAD 418.57 FEET TO POINT THAT IS 416 FEET SOUTH OF THE NORTH LINE OF THE SOUTH $\frac{1}{2}$ OF THE NORTH EAST $\frac{1}{4}$ OF SAID SECTION; THENCE WEST PARALLEL TO THE NORTH LINE OF THE SOUTH $\frac{1}{2}$ OF THE NORTH EAST $\frac{1}{4}$ OF SAID SECTION 377.89 FEET TO A POINT IN THE CENTER LINE OF A HIGHWAY RECORDED IN THE RECORDER'S OFFICE OF COOK COUNTY, ILLINOIS AS DOCUMENT 11068762; THENCE SOUTHWESTERLY ALONG THE CENTER LINE OF SAID HIGHWAY 155.68 FEET TO THE CENTER LINE OF RAND ROAD; THENCE SOUTHEASTERLY 199.75 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

PARCEL 2: 02-02-203-010

THAT PART OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT INTERSECTION OF THE EAST AND WEST $\frac{1}{4}$ LINE OF SAID SECTION WITH THE CENTER LINE OF RAND ROAD, SAID INTERSECTION BEING 1514.39 FEET WEST OF THE EAST LINE OF SAID SECTION MEASURED ON SAID EAST AND WEST $\frac{1}{4}$ LINE. THENCE NORTHWESTERLY ALONG THE CENTER LINE OF RAND ROAD, SAID CENTER LINE FORMING AN ANGLE OF 47 DEGREES 00 MINUTES 30 SECONDS WITH THE EAST AND WEST $\frac{1}{4}$ LINE OF SAID SECTION, A DISTANCE OF 745.08 FEET TO A POINT OF BEGINNING THENCE NORTHEASTERLY AT RIGHT ANGLES TO RAND ROAD 334.31 FEET TO A POINT: THENCE NORTH PARALLEL TO EAST LINE OF SAID SECTION ON A LINE THAT FORMS AN ANGLE OF 47 DEGREES 28 MINUTES TO THE LEFT WITH A PROLONGATION OF THE LAST DESCRIBED COURSE, A DISTANCE OF 130.65 FEET TO A POINT THAT IS 416 FEET SOUTH OF THE NORTH LINE OF THE SOUTH $\frac{1}{2}$ OF THE NORTH EAST $\frac{1}{4}$ OF SAID SECTION; THENCE WEST PARALLEL TO THE NORTH LINE OF THE SOUTH $\frac{1}{2}$ OF THE NORTH EAST $\frac{1}{4}$ OF SAID SECTION, 5.55 FEET; THENCE SOUTHWESTERLY 418.57 FEET TO A POINT IN THE CENTER LINE OF RAND ROAD THAT IS 100 FEET NORTHWESTERLY OF POINT OF BEGINNING; THENCE

SOUTHEASTERLY 100 FEET TO POINT OF BEGINNING. ALL IN COOK COUNTY, ILLINOIS

PARCEL 3: 02-02-203-011

THAT PART OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT THE INTERSECTION OF THE EAST AND WEST $\frac{1}{4}$ LINE OF SAID SECTION WITH THE CENTER LINE OF RAND ROAD, SAID INTERSECTION BEING 1514.39 FEET WEST OF THE EAST LINE OF SAID SECTION MEASURED ON SAID EAST AND WEST $\frac{1}{4}$ LINE: THENCE NORTHWESTERLY ALONG THE CENTER LINE OF RAND ROAD, SAID CENTER LINE FORMING AN ANGLE OF 47 DEGREES 00 MINUTES 30 SECONDS WITH THE EAST AND WEST $\frac{1}{4}$ LINE OF SAID SECTION, A DISTANCE OF 645.08 FEET TO A POINT OF BEGINNING: THEN NORTHEASTERLY AT RIGHT ANGLES TO RAND ROAD 242.52 FEET TO A POINT: THENCE NORTH PARALLEL TO EAST LINE OF SAID SECTION ON A LINE THAT FORMS AN ANGLE OF 47 DEGREES 28 MINUTES TO LEFT WITH A PROLONGATION OF THE LAST DESCRIBED COURSE, FOR A DISTANCE OF 135.74 FEET: THENCE SOUTHWESTERLY 334.31 FEET TO A POINT IN THE CENTER LINE OF RAND ROAD THAT IS 100 FEET NORTHWESTERLY OF POINT OF BEGINNING; THENCE SOUTHEASTERLY 100 FEET TO POINT OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS.

PARCEL 4: 02-02-203-012

THAT PART OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT THE INTERSECTION OF THE EAST AND WEST $\frac{1}{4}$ LINE OF SAID SECTION WITH THE CENTER LINE OF RAND ROAD, SAID INTERSECTION BEING 1514.39 FEET WEST OF THE EAST LINE OF SAID SECTION MEASURED ON SAID EAST AND WEST $\frac{1}{4}$ LINE: THENCE NORTHWESTERLY ALONG THE CENTER LINE SAID? OF RAND ROAD, SAID CENTER LINE FORMING AN ANGLE OF 47 DEGREES NO MINUTES 30 SECONDS WITH THE EAST AND WEST $\frac{1}{4}$ LINE OF SAID SECTION, A DISTANCE OF 545.08 FEET TO A POINT OF BEGINNING: THENCE NORTH WESTERLY ALONG THE CENTER LINE OF RAND ROD 100 FEET; THENCE NORTH EASTERLY AT RIGHT ANGLES TO RAND ROAD 242.52; THENCE SOUTH EASTERLY ON A LINE THAT FORMS AN ANGLE OF 52 DEGREES, 36 MINUTES 30 SECONDS TO THE RIGHT WITH A PROLONGATION OF THE LAST DESCRIBED COURSE, FOR A DISTANCE OF 125.89 FEET: THENCE SOUTHWESTERLY 318.96 FEET TO A POINT OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS.

PARCEL 5: 02-02-203-013

THAT PART OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN BEGINNING AT THE INTERSECTION OF THE EAST AND WEST ¼ LINE OF SAID SECTION WITH THE CENTER LINE OF RAND ROAD, SAID INTERSECTION BEING 1514.39 FEET WEST OF THE EAST LINE OF SAID SECTION MEASURED ON SAID EAST AND WEST ¼ LINE; THENCE NORTHWESTERLY ALONG THE CENTER LINE OF RAND ROAD, SAID CENTER LINE FORMING AN ANGLE OF 47 DEGREES 00 MINUTES 30 SECONDS WITH THE EAST AND WEST ¼ LINE OF SAID SECTION, A DISTANCE OF 445.08 FEET TO A POINT OF BEGINNING; THENCE NORTHWESTERLY ALONG THE CENTER LINE OF RAND ROAD 100 FEET; THENCE NORTH EASTERLY AT RIGHT ANGLES TO RAND ROAD 318.96; THENCE SOUTH EASTERLY ON A LINE THAT FORMS AN ANGLE OF 52 DEGREES 36 MINUTES 30 SECONDS TO THE RIGHT WITH A PROLONGATION OF THE LAST DESCRIBED COURSE, FOR A DISTANCE OF 125.89 FEET; THENCE SOUTHWESTERLY 395.40 FEET TO A POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

PARCEL 6: 02-02-203-014

THAT PART OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT THE INTERSECTION OF THE EAST AND WEST ¼ LINE OF SAID SECTION MEASURED ON SAID EAST AND WEST ¼ LINE THENCE NORTH WESTERLY ALONG THE CENTER LINE OF RAND ROAD, SAID CENTER LINE FORMING AN ANGLE OF 47 DEGREES 0 MINUTES 30 SECONDS WITH THE EAST AND WEST ¼ LINE OF SAID SECTION, A DISTANCE OF 345.08 FEET TO A POINT OF BEGINNING; THENCE NORTH WESTERLY ALONG THE CENTER LINE OF RAND ROAD 100 FEET; THENCE NORTH EASTERLY AT RIGHT ANGLES TO RAND ROAD 395.40 FEET, THENCE SOUTH EASTERLY ON A LINE THAT FORMS AN ANGLE OF 52 DEGREES 36 MINUTES 30 SECONDS TO THE RIGHT WITH A PROLONGATION OF THE LAST DESCRIBED COURSE, FOR A DISTANCE OF 125.89 FEET; THENCE SOUTHWESTERLY 471.84 FEET TO A POINT OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS

PARCEL 7: 02-02-203-020

THAT PART OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING ON THE NORTH LINE OF THE SOUTH HALF OF THE NORTHEAST QUARTER OF SECTION 2 AFORESAID, 1622.10 FEET WEST OF THE NORTHEAST CORNER OF THE SOUTH HALF OF THE NORTHEAST QUARTER OF SAID SECTION; THENCE SOUTH PARALLEL WITH THE EAST LINE OF SAID SECTION; 416 FEET TO A PLACE OF BEGINNING; THENCE SOUTH PARALLEL WITH THE EAST LINE OF SAID SECTION 291.95 FEET; THENCE NORTHWESTERLY ON A LINE THAT FORMS AN ANGLE OF 100 DEGREES 4-1/2 MINUTES TO THE RIGHT WITH A

PROLONGATION OF THE LAST DESCRIBED COURSE FOR A DISTANCE OF 152.34 FEET; THENCE NORTH PARALLEL WITH THE EAST LINE OF SAID SECTION 266.39 FEET; THENCE EAST PARALLEL TO THE NORTH LINE OF THE SOUTH HALF OF THE NORTHEAST QUARTER OF SAID SECTION, 150 FEET TO THE PLACE OF BEGINNING, IN COOK COUNTY, ILLINOIS.

PARCEL 8: 02-02-203-021

THAT PART OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING ON THE NORTH LINE OF THE SOUTH HALF OF THE NORTHEAST QUARTER OF SECTION 2 AFORESAID, 1547.19 FEET WEST OF THE NORTHEAST CORNER OF THE SOUTH HALF OF THE NORTHEAST QUARTER OF SAID SECTION; THENCE SOUTH PARALLEL WITH THE EAST LINE OF SAID SECTION; 416 FEET TO A PLACE OF BEGINNING; THENCE SOUTH PARALLEL WITH THE EAST LINE OF SAID SECTION 304.73 FEET; THENCE NORTHWESTERLY ON A LINE THAT FORMS AN ANGLE OF 100 DEGREES 4-1/2 MINUTES TO THE RIGHT WITH A PROLONGATION OF THE LAST DESCRIBED COURSE FOR A DISTANCE OF 76.17 FEET; THENCE NORTH PARALLEL WITH THE EAST LINE OF SAID SECTION 291.95 FEET; THENCE EAST PARALLEL TO THE NORTH LINE OF THE SOUTH HALF OF THE NORTHEAST QUARTER OF SAID SECTION, 75 FEET TO THE PLACE OF BEGINNING, IN COOK COUNTY, ILLINOIS.

PARCEL 9: 02-02-203-022

THAT PART OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING ON THE NORTH LINE OF THE SOUTH HALF OF THE NORTHEAST QUARTER OF SECTION 2 AFORESAID, 1472.19 FEET WEST OF THE NORTHEAST CORNER OF THE SOUTH HALF OF THE NORTHEAST QUARTER OF SAID SECTION: THENCE SOUTH PARALLEL WITH THE EAST LINE OF SAID SECTION; 416 FEET TO A PLACE OF BEGINNING; THENCE SOUTH PARALLEL WITH THE EAST LINE OF SAID SECTION 317.51 FEET; THENCE NORTHWESTERLY ON A LINE THAT FORM AN ANGLE OF 100 DEGREES 4-1/2 MINUTES TO THE RIGHT WITH A PROLONGATION OF THE LAST DESCRIBED COURSE FOR A DISTANCE OF 76.17 FEET; THENCE NORTH PARALLEL WITH THE EAST LINE OF SAID SECTION 304.73 FEET; THENCE EAST PARALLEL TO THE NORTH LINE OF THE SOUTH HALF OF THE NORTHEAST QUARTER OF SAID SECTION, 75 FEET TO THE PLACE OF BEGINNING, IN COOK COUNTY, ILLINOIS.

REAL ESTATE SALES CONTRACT

1. **Village of Palatine**, an Illinois home rule municipal corporation, ("**Purchaser**") agrees to purchase at a price of **Six Million Seven Hundred Fifty Thousand and 00/100 Dollars (\$6,750,000.00)**, plus or minus prorations ("**Purchase Price**") on the terms set forth herein, the real estate described on **Exhibit A** in Cook County, Illinois ("**Property**") commonly known as 2083 North Rand Road, Palatine, Illinois, together with all property, real or personal, building and other improvements located upon the Property on the Closing Date (hereinafter defined) other than the existing signage and sign poles located at the intersection of Rand and Hicks Road, which shall be removed from the Property by Seller prior to delivering exclusive possession thereof to Purchaser. The Property Index Numbers for the Property are

02-02-203-009

02-02-203-012

02-02-203-020

02-02-203-010

02-02-203-013

02-02-203-021

02-02-203-011

02-02-203-014

02-02-203-022

In addition to payment of the Purchase Price, and as and for additional consideration for the conveyance of the Property to Purchaser by Seller, Purchaser shall convey to Seller at Closing the approximately sixty thousand square foot parcel of real estate described on **Exhibit B** and depicted on **Exhibit B-1**, in Palatine, Cook County, Illinois (the "**Relocation Parcel**"), title to which Purchaser shall convey or cause to be conveyed to Seller by a recordable Special Warranty Deed (the "**Relocation Parcel Deed**"), subject only to those exceptions set forth on **Exhibit D** ("**Relocation Parcel Permitted Exceptions**"). The parties hereto hereby acknowledge and agree that the Relocation Parcel is intended to be the subject of a Redevelopment Agreement, for the purpose of constructing and operating a restaurant to replace Seller's current facility on the Property (the "**Intended Purpose**") between Purchaser and Seller (the "**RDA**"). The specific terms and conditions of the RDA will be negotiated diligently and in good faith by the parties to achieve the Intended Purpose prior to the Closing Date, and, in the event the parties are unable to agree on the terms and conditions of the RDA prior to the Closing Date, either party may thereupon terminate this Agreement by written notice to the other, whereupon all Earnest Money shall be refunded to Purchaser.

2. **Rand Ridge, LLC**, an Illinois limited liability company, as Sole Beneficiary of **Harris, N.A., f/k/a Harris Trust and Savings Bank**, not personally but as Trustee under Trust Agreement dated August 7, 2004 and known as Trust No. HTB1547 (the "**Seller**") agrees to sell the Property (at the price and terms set forth herein, and to convey or cause to be conveyed to Purchaser title thereto by a recordable Trustee's Deed the "**Deed**"), subject only to those exceptions set forth on **Exhibit C** ("**Permitted Exceptions**").

3. **Earnest Money**. No later than two (2) business days after delivery to Purchaser of this Contract as executed by Seller, Purchaser shall (i) pay to Seller the sum of **Two Hundred Thousand and 00/100 Dollars (\$200,000.00)**; and (ii) deposit in a strict joint order escrow account (the "**Earnest Money Escrow**") with Ticor Title Insurance Company (the "**Title Company**") the sum of **One Hundred Thousand and 00/100 Dollars (\$100,000.00)**. The amounts described in (i) and (ii) above are hereinafter collectively referred to as the "**Earnest Money**". The total Earnest Money in the amount of **Three Hundred Thousand and 00/100 Dollars (\$300,000.00)** shall not be refundable, except as expressly set forth herein, and shall be applied to the Purchase Price payable at Closing (as defined below). Purchaser agrees to pay the Purchase Price, plus or minus prorations, at the time of Closing.

4. **Closing**. The time of "**Closing**" shall be the later of (i) ten (10) days following written notice from Purchaser to Seller that Purchaser has recorded a Plat of Subdivision establishing the Relocation Parcel as a legal lot; and (ii) **May 31, 2007** (the "**Closing Date**"), unless mutually agreed otherwise, at the office of, 171 North Clark Street, Chicago, Illinois, 60601, provided title is shown to be as specified in this Contract. In the event Purchaser has not recorded a Plat of Subdivision establishing the Relocation Parcel

as a legal lot on or prior to **December 31, 2007**, either party may thereafter terminate this Contract by written notice to the other in accordance with the requirements of Paragraph 11 below. At Closing, Purchaser shall pay the Purchase Price less the Earnest Money-plus or minus prorations, and Seller shall convey title and possession of the Property to Purchaser, subject to the post-closing right of possession of Seller described in Paragraph 16, below. This sale shall be closed through an escrow in accordance with the general provisions of the usual form of Deed and Money Escrow Agreement then in use by the Title Company, with such special provisions inserted in the escrow agreement as may be required to conform to this Contract. Upon the creation of such an escrow, anything herein to the contrary notwithstanding, payment of Purchase Price and delivery of Deed shall be made through the escrow. The cost of the escrow shall be divided equally between Seller and Purchaser.

5. Title.

a. ~~Seller shall deliver or cause to be delivered to Purchaser, not more than five (5) days after the date hereof, a title commitment for an owner's title insurance policy issued by the Title Company in the amount of the Purchase Price, covering title to the Property on or after the date hereof, showing title in Seller subject only to: (a) the general exceptions contained in the policy; (b) the Permitted Exceptions; and (c) title exceptions pertaining to liens or encumbrances of a definite or ascertainable amount which shall be removed by the payment of money at the time of Closing and which Seller shall so remove at that time by using the funds to be paid upon the delivery of the Deed. At Closing, Seller shall cause the Title Company to issue its policy with extended coverage over the General Exceptions contained in the policy in the amount of the Purchase Price. Any expense of obtaining the extended coverage over the General Exceptions shall be borne by Seller. If the title commitment for the Property discloses exceptions which are not Permitted Exceptions, Seller shall have until ten (10) days prior to Closing to have the exceptions removed from the commitment or to have the Title Company commit to insure against loss or damage that may be occasioned by such exceptions. If Seller fails to have the exceptions removed or in the alternative, to obtain the commitment for title insurance specified above as to such exceptions within the specified time, Purchaser may terminate this Contract and all Earnest Money shall be immediately returned to Purchaser or may elect, upon notice to Seller at or prior to Closing, to take title as it then is with the right to deduct from the Purchase Price liens or encumbrances of a definite or ascertainable amount and the cost of title insurance over such exceptions. If Purchaser does not so elect, these matters shall be deemed additional Permitted Exceptions. The title commitment shall be conclusive evidence of good title as therein shown as to all matters insured by the policy, subject only to the exceptions as therein stated.~~

Rso
\$60,000
See
b. Purchaser shall deliver or cause to be delivered to Seller, not more than five (5) days after the date Purchaser closes on the Relocation Parcel, a title commitment for an owner's title insurance policy issued by the Title Company in the amount of Eight Hundred Sixty Thousand and 00/100 Dollars (\$10,000.00), covering title to the Relocation Parcel on or after the date hereof, showing title in Purchaser subject only to: (a) the general exceptions contained in the policy; (b) the Relocation Parcel Permitted Exceptions; and (c) title exceptions pertaining to liens or encumbrances of a definite or ascertainable amount which shall be removed by the payment of money at the time of Closing and which Purchaser shall so remove at that time. At Closing, Purchaser shall cause the Title Company to issue its policy with extended coverage over the General Exceptions contained in the policy in the amount of Eight Hundred Sixty Thousand and 00/100 Dollars (\$860,000.00). Any expense of obtaining the extended coverage over the General Exceptions shall be borne by Purchaser. If the title commitment for the Relocation Parcel discloses exceptions which are not Relocation Parcel Permitted Exceptions, Purchaser shall have until ten (10) days prior to Closing to have the exceptions removed from the commitment or to have the Title Company commit to insure against loss or damage that may be occasioned by such exceptions. If Purchaser fails to have the exceptions removed or in the alternative, to obtain the commitment for title insurance specified above as to such exceptions within the specified time, Seller may terminate this

Contract or may elect, upon notice to Purchaser at or prior to Closing, to take title as it then is. If Purchaser does not so elect, these matters shall be deemed additional Permitted Exceptions. The title commitment shall be conclusive evidence of good title as therein shown as to all matters insured by the policy, subject only to the exceptions as therein stated.

6. **Survey.** Seller has provided Purchaser a plat of survey dated September 9, 2004 (the "**Existing Survey**"). Seller shall, at Seller's expense, provide a current update of the Existing Survey certified to the Purchaser (the "**Updated Survey**"). Should the Updated Survey disclose any matters which are not Permitted Exceptions or otherwise not in compliance with this Paragraph 6, Seller, at Seller's sole expense, shall have ten (10) days after the date of delivery of the Updated Survey to remove, cure or correct such matters or noncompliance and give notice thereof by delivery of a revised Updated Survey to Purchaser. If Seller fails to do so within such specified time, then Purchaser may terminate this Contract and all Earnest Money shall be immediately returned to Purchaser, or elect upon notice given to Seller on or before fifteen (15) days after the date Purchaser delivers the Updated Survey to Seller, to purchase the Property as it is then-with the right to deduct from and set off and credit against the Purchase Price the amount or value of any such matters or non-compliance.

7. **Real Estate Brokers.** Purchaser warrants to Seller and Seller warrants to Purchaser that no real estate agent, finder, sales person, or broker has been involved in the sale and purchase of the Property hereunder other than Ken Marino (the "**Broker**"), whose commissions and fees shall be paid by Seller. Purchaser warrants to Seller and Seller warrants to Purchaser that no real estate agent, finder, sales person, or broker has been involved in the sale and purchase of the Relocation Property. Except for Seller's liability for Broker's commissions and fees regarding the Property, neither party shall have liability for, nor duty to pay, any commission, fee or charge to any other person(s) as aforescribed. In the event of a breach of the foregoing warranty, the breaching party shall save, defend, indemnify and hold forever harmless the other party from and against all damages including specifically those based upon claims for commissions, fees or charges, including attorney's and paralegal's fees and legal costs.

8. **Prorations and Real Estate Taxes.** Seller shall pay all taxes and assessments on the Property on or before the date when due. Unpaid taxes and assessments on the Property not otherwise due but accrued shall be prorated as of the Closing Date based upon 105% of the most recent ascertainable tax bill. Seller shall be liable for any back tax bill which may be imposed by taxing authorities related to the period prior to the Closing Date.

9. **Uniform Vendor and Purchaser Risk Act.** The provisions of the Uniform Vendor and Purchaser Risk Act of the State of Illinois shall not be applicable to this Contract. In the event of damage to or destruction of any improvements on the Property prior to Closing, the parties shall proceed to Closing and Seller shall retain all right, title and interest of Seller in and to any proceeds of insurance payable as the result of such damage or destruction.

10. **Default.** In the event of a default by Seller under this Contract and the failure of Seller to cure such default within 10 days after written notice to Seller from Purchaser, at the option of Purchaser, this Contract shall be terminated and the Earnest Money immediately returned to Purchaser or Purchaser may seek the remedy of Specific Performance. In the event of a default by Purchaser under this Contract and the failure of Purchaser to cure such default within 10 days after written notice to Purchaser from Seller, at the option of Seller, this Contract shall be terminated and the Earnest Money shall be retained by Seller as liquidated damages.

11. **Notice.** All notices herein required shall be in writing and shall be served on the parties at the addresses following their signatures. Notice shall be served prior to 5:00 p.m. Central Time by: (i) registered or certified mail, return receipt requested; (ii) nationally recognized overnight courier; (iii) or

facsimile transmission with the original notice and proof of transmission sent by US Mail. A business day shall be defined as a day when Cook County Courts are in regular session. Copies of notices to Purchaser shall be sent to Schain, Burney, Ross & Citron, Ltd., 222 North LaSalle Street, Suite 1910, Chicago, Illinois, 60601, Attention: Robert C. Kenny and David J. O'Keefe (telephone: 312-332-0200; facsimile: 312-332-4514). Copies of notices to Seller shall be sent to Rieff, Schramm & Kanter, 100 North LaSalle Street, 34th Floor, Chicago, Illinois 60602, Attention: Donald L. Schramm (telephone: 312-372-2500; facsimile: 312-372-2550) and to Law Offices of John Peter Curielli, 126 South Northwest Highway, Barrington, Illinois, 60010, Attention: John Peter Curielli (telephone: 847-381-7555; facsimile: 847-381-7578).

12. **Compliance with Foreign Investment in Real Property Tax Act.** At the Closing, Seller shall furnish to Purchaser a completed and executed "Non-Foreign Person Affidavit" for purposes of complying with the documentation and evidentiary standards of the Foreign Investment in Real Property Tax Act, Internal Revenue Code Section 1445, as amended, and the regulations thereunder and establishing that Seller is not a "foreign person" (as defined therein). Seller acknowledges that the aforesaid affidavit will be retained by Purchaser and will be made available to the Internal Revenue Service upon request. If Seller does not deliver such affidavit at or before Closing, then Purchaser may terminate this Contract at Closing and all Earnest Money shall be immediately returned to Purchaser.

13. **Village Approval.** Village adopted Ordinance # O-198-06 on November 20, 2006, which Ordinance authorized the Village Manager to acquire and execute all documents necessary and convenient to closing on property at the southeast corner of Rand Road and Hicks Road commonly known as 2083 N. Rand Road, in the Rand Road Corridor Redevelopment Project Area.

14. **Due Diligence and Inspection.**

a. Seller hereby grants to Purchaser and Purchaser's employees, agents, invitees, licensees, guests and independent contractors, the right, license and privilege to enter upon and inspect, test, study, examine, analyze, survey, investigate and audit the Property for so long as this Contract is in force and effect. Purchaser shall provide Seller with notice at least twenty four (24) hours in advance of the time at which Purchaser desires to conduct such inspections, tests, studies, examinations, analyses, surveys, investigations and/or audits. Such right, license and privilege shall include, without limitation, the taking and making of soil tests, soil compaction and other subsurface and/or structural load bearing analysis, termite inspection, environmental samplings, water surveys and quality tests, percolation tests, sewerage disposal tests, drainage determinations, stress tests, systems performance tests, appraisals, and such other tests, inspections, investigations, audits, studies, analyses, surveys and examinations as Purchaser in Purchaser's sole discretion desires, related to Purchaser's acquisition and ownership of the Property, all at Purchaser's sole cost and expense. All such activities performed by or for Purchaser shall be non-destructive except where reasonably necessary to accomplish the purpose thereof. Purchaser shall, immediately at the request of Seller upon any termination hereof (other than as caused by the breach or default of Seller), restore the Property to the condition thereof existing immediately prior to any such activities.

b. Seller shall make available to Purchaser and Purchaser's employees, agents, attorneys, accountants and independent contractors, for purposes of inspection, audit, review, investigation, examination, analysis, and copying, manually or by machine, originals (or if not available then copies) of all contracts, papers, documents and records (the "Documents") of Seller or in Seller's possession, custody or control relating to the Property, including, without limitation, the following (collectively "Seller's Deliveries"):

i. all contracts, leases, instruments, agreements, covenants, guaranties, warranties, lawsuits,

claims, settlements and other like documents relating to the Property, including without limitation those relating to services or goods being provided to or for the Property;

ii. all technical, environmental, systems, structural, engineering, soil, architectural, or similar drawings, specifications, audits or reports relating to the Property;

iii. all surveys or plats depicting the Land, the existing improvements either internally or externally, or the datum, elevations, size, location, boundaries and topography of the Land;

iv. all documents relating to the condition of title of the Property including all title insurance commitments, policies, documents of record (including deeds and mortgages), declarations of protective covenants and/or restrictions, grants or declarations of easements, licenses and similar documentation; and

v. all certificates, consents, permits and approvals issued by any governmental or quasi-governmental authorities, public utilities or associations having jurisdiction over the Property and related to the ownership of the Property, or the use, operation or occupancy of the Property.

The Documents shall be made available to Purchaser and Purchaser's employees, agents and independent contractors as aforesaid, at Seller's office, at the office of Seller's Environmental Consultant, or at a specific, agreed upon location, during all regular business hours for so long as this Contract is in force and effect. Purchaser shall provide Seller with notice at least twenty four (24) hours in advance of the time at which Purchaser desires the Documents to be available. In the event that any of the Documents cannot be made available within the aforesaid time period, then Purchaser and Seller shall reschedule future times when the same shall be available. The Documents shall be made available to Purchaser reasonable number of times and for as long as Purchaser reasonably requires.

c. This Contract, Purchaser's duties, liabilities and performance hereunder and payment of the Purchase Price are expressly made subject to and preconditioned upon Purchaser's approval in Purchaser's sole and uncontrolled discretion, of the purchase of the Property on or before April 30 2007 (the "Inspection Period"). Should Purchaser in Purchaser's sole and uncontrolled discretion determine that the Property is unacceptable or unsatisfactory, Purchaser shall so notify Seller within the Inspection Period and the Earnest Money shall be immediately returned to Purchaser, and this Contract shall terminate and become null and void without further action of either party.

d. Purchaser shall be completely responsible for all of Purchaser's acts and omissions and those of Purchaser's employees, agents and independent contractors in exercising such rights and privileges as are granted in this Paragraph 14. Purchaser hereby indemnifies Seller and shall hold Seller free and harmless from and against any and all losses, costs, damages and expenses (including, without limitation, reasonable attorney's fees) suffered or incurred by Seller by reason of the exercise of the rights and privileges granted to Purchaser in this Paragraph 14 or the breach of Purchaser's covenant to restore the Property contained herein.

e. Any "due diligence" test, study, examination, analysis, survey, investigation, or audit of the Property made by Purchaser pursuant hereto shall not waive or in any way limit Purchaser's rights elsewhere created by this Contract, including specifically as may arise from any representations or warranties of Seller, nor constitute a waiver, release or satisfaction of any conditions to the consummation of the transaction contemplated hereby except as may be contained in this Paragraph 14.

15. **Seller's Assurances.** Seller warrants and represents, as applicable, the following during the pendency of this Contract:

a. Except for Seller, at the time of Closing there will be no persons in possession or occupancy of the Property, nor will there be any persons who have possessory rights with respect to the Property. It is expressly understood that Seller, at Seller's option, shall have the option to maintain use and occupancy of the Property to and including **September 30, 2008**, as set forth in Paragraph 16, below.

b. Seller has full capacity, right, power and authority to execute and perform this Contract and all documents to be executed by Seller pursuant hereto. This Contract and all documents to be executed pursuant hereto by Seller are and shall be binding upon and enforceable against Seller in accordance with their respective terms.

c. ~~Seller has received no written notice of any claims, causes of action or other litigation or proceedings pending or threatened with respect to the ownership or operation of the Property or any part thereof (including disputes with tenants, mortgagees, governmental authorities, utilities, contractors, adjoining land owners and suppliers of goods or services).~~

d. Seller has received no written notice of any existing, pending, contemplated, threatened or anticipated condemnation of any part of the Property.

e. (i) Except as may be disclosed in Seller's Deliveries, there are no known Hazardous or Toxic Materials (as hereinafter defined) which exist on or under the surface of the Property or in any surface waters or ground waters on or under the Property, and no escape, seepage, spillage, discharge, emission or release of any Hazardous or Toxic Material has occurred or shall occur on, under, above or emanate from the Property; (ii) the Property has not, is not now and prior to Closing will not be used as a sanitary landfill, dump site, industrial disposal area, treatment or storage site for Hazardous or Toxic Material or for any other similar use, on either a permanent or temporary basis; and (iii) there are no pending, or anticipated suits, actions, investigations, proceedings, liens or notices from any governmental or quasi-governmental agency with respect to the Property, Seller, or Environmental Laws (as hereinafter defined). For purposes of this Contract, the term Hazardous or Toxic Material shall be defined to include: (i) asbestos or any material composed of or containing asbestos in any form and in any type; or (ii) any hazardous, toxic or dangerous waste, contaminant, pollutant, substance, material, smoke, gas or particulate matter, as from time to time defined by or for purposes of the Comprehensive Environmental Response Compensation and Liability Act, as amended, and any law commonly referred to as of the date hereof as "Superfund" or "Superlien" or any successor to such laws, or any other Federal, state or local environmental, health or safety statute, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards concerning or in connection with hazardous, toxic or dangerous wastes, substances, material, gas or particulate matter as now in effect (collectively, the "Environmental Laws"). Seller agrees to hold harmless, defend and indemnify Purchaser from and against any and all loss, damage, cost, liability or expense (including reasonable attorney's and consultant's fees, court costs, penalties and fines) relating to personal property or economic injury arising from a violation or inaccuracy of the representations, warranties and covenants contained in this subparagraph g.

f. From and after the date hereof, Seller agrees not to contract to sell, transfer, convey or encumber or cause to be sold, transferred, conveyed or encumbered, the Property, or any part thereof, or otherwise perform or permit any act or deed which shall diminish, encumber or affect Purchaser's rights in and to the Property or prevent it from performing fully its obligations hereunder.

g. Seller shall deliver to Purchaser at Closing a statement certifying that all the representations, warranties and covenants set forth in this Paragraph 15 are true and correct as of the Closing with the same effect as though made on the Closing and shall survive the Closing.

16. Post Closing Possession.

(a) At Closing, Seller shall perform all of the following:

i. deliver, in form satisfactory to Purchaser in Purchaser's sole discretion, an executed post-closing agreement providing for post-closing possession to terminate no later than **September 30, 2008**, and containing such release and indemnification provisions as Purchaser may require;

~~ii. deliver, in form satisfactory to Purchaser, in Purchaser's sole discretion,~~
certificates of property, general liability and dram shop insurance naming Purchaser as the insured thereunder; and

iii. deposit with Purchaser an Irrevocable Stand-By Letter of Credit, issued by a Bank subject to Purchaser's reasonable approval and upon such terms and conditions as Purchaser may reasonably approve, in the face amount of **Two Hundred Fifty Thousand Dollars (\$250,000.00)** (the "Letter of Credit"). The Letter of Credit shall be held by Purchaser to assure timely delivery of possession of the Property to Purchaser and the condition thereof upon such delivery, and shall provide for draws thereon by Purchaser:

(a) in the face amount thereof at any time after **September 30, 2008** upon presentation to the issuing Bank of an original sworn certificate of the Village Manager or other officer of Purchaser stating that Seller withholds exclusive possession of the Property from the Purchaser as of the date thereof; or

(b) in such amount as may be required to reimburse Purchaser (or Purchaser's successors or assigns) for costs incurred by Purchaser in restoring the Property upon delivery of exclusive possession by Seller, upon presentation to the issuing Bank of an original sworn certificate of the Village Manager or other officer of Purchaser setting forth all costs incurred by Purchaser in removing any vehicles, equipment, construction materials and debris, or other personal property and fixtures from the Property or in remediating any adverse conditions on the Property, including but not limited to environmental conditions, if applicable, discovered by Purchaser (or Purchaser's successors or assigns) upon Seller delivering exclusive possession of the Property free and clear (or upon Purchaser's removal following delivery of possession) of all vehicles, equipment, construction materials and debris, and other personal property and fixtures discovered by Purchaser (or Purchaser's successors or assigns) upon Seller delivering exclusive possession of the Property.

Purchaser shall have the right to assign all of Purchaser's right, title and interest in and to the Letter of Credit to any successor or assign of Purchaser without Seller's consent. The Letter of Credit shall be returned to Seller upon Seller delivering to Purchaser exclusive possession of the Property, the removal of any vehicles, equipment, construction materials and debris, or other personal property and fixtures, and the substantial remediation of all adverse conditions on the Property, including but not limited to environmental conditions.

(b) From the Closing Date to **September 30, 2008**, Seller shall have the right to possession of the Property solely for the purpose of conducting a restaurant business out of existing improvements located thereon, subject to compliance with all codes and ordinances of the Village of Palatine with respect thereto. Seller's right to possession shall be non-exclusive and the Village shall retain the right to authorize and permit entry onto the Property by third parties to conduct inspections, make tests (including intrusive borings), demolish any improvements not utilized for the purpose of conducting a restaurant business, and otherwise prepare the Property for development, all of the foregoing only to the extent that same do not unreasonably interfere with Seller's ability to conduct a restaurant business on the Property. Seller shall pay all charges for utility service, all premiums for the insurance policies described in subparagraph (a)(iii) above, and all real estate taxes payable and accrued during the period of Seller's ownership and occupancy after Closing. In no event shall the Property be used for any use not consistent with and required in connection with the business of a restaurant, including but not limited to the storage of vehicles, equipment, construction materials and construction debris, all of which shall be removed from the Property by Seller prior to Closing. In the event Seller delivers exclusive possession of the Property to Purchaser on or prior to **September 30, 2008**, but Purchaser is required to remove any vehicles, equipment, construction materials and debris, or other personal property or fixtures from the Property, or to remediate any adverse conditions on the Property, including environmental conditions, not capable of being discovered by Purchaser prior to delivery of possession or created by any act or omission of Seller following the Closing Date and prior to delivery of exclusive possession to Purchaser, Purchaser shall thereupon have the right to draw on the Letter of Credit to recover all costs incurred by Purchaser in removing such property or remediating such condition.

(c) The parties acknowledge that the Property is being purchased by Purchaser as part of a larger assemblage that is intended to be developed in a manner that would offer a substantial economic benefit to Purchaser; that Seller's failure to deliver exclusive possession of the Property to Purchaser (or Purchaser's successors or assigns) on or before **September 30, 2008**, would cause irreparable harm to Purchaser or such successors or assigns; that the damage that would result from Seller withholding exclusive possession of the Property after **September 30, 2008** is difficult if not impossible to quantify at this time. In light of the foregoing, the parties hereby acknowledge and agree that, in the event of Seller's failure to deliver exclusive possession of the Property to Purchaser (or Purchaser's successors or assigns) on or before **September 30, 2008**, Purchaser may draw on the Letter of Credit to the face amount thereof, which sum shall be forfeited to Purchaser as liquidated damages for such failure and not as a penalty, and Purchaser shall thereafter have the right to resort to any remedies at law or in equity to recover exclusive possession of the Property in addition to drawing the full amount of the Letter of Credit as liquidated damages. Seller shall remove all vehicles, equipment, construction materials and debris, and all other personal property and fixtures from the Property prior to delivery of possession to Purchaser.

17. Miscellaneous.

(a) This Contract may be assigned by Purchaser, in Purchaser's sole discretion, without first obtaining the consent of Seller.

(b) This Contract shall be binding upon and inure to the benefit of the parties and their respective heirs, personal representatives, successors, grantees and assigns.

(c) This Contract may be executed in counterparts, each of which may be deemed to be an original, and all so executed shall constitute one and the same agreement.

(d) This Contract embodies the entire agreement between the parties with respect to the Property. No extension or amendment of this Contract shall be made or claimed by any party or have any force or effect whatsoever unless same shall be set forth in writing and signed by the parties.

(e) Wherever applicable, the gender of any words used in this Contract shall be construed to include any other gender, and any words used in the singular form shall be construed as though they were used in the plural form.

(f) Time is of the strictest and most absolute essence of this Contract.

(g) The representations warranties and covenants contained herein shall survive Closing and recordation of the Deed.

18. **Condemnation.** The parties hereto acknowledge that the Property is being sold by Seller to the Purchaser under threat of condemnation.

----- The parties have executed this Contract on the day and year following signature -----

Purchaser:

VILLAGE OF PALATINE,
a home rule municipal corporation

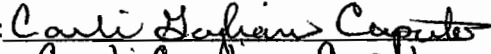
Address: 200 East Wood Street
Palatine, Illinois, 60067

By: 
Name: **Reid T. Ottesen**
Title: Village Manager

Date of execution: 4/9/07

SELLER:

RAND RIDGE, LLC, an Illinois limited
liability company

By: 
Name: Carli Cony Higgins Caputo
Title: Managing Partner

Address: 2093 Rand Road
Palatine, IL
Date of execution: 4-6-07

F:\HOMEDJO\PALATINE\TORE\CONTRACT\7.DOC

EXHIBIT A
LEGAL DESCRIPTION - PROPERTY

EXHIBIT B
LEGAL DESCRIPTION – RELOCATION PARCEL

EXHIBIT B-1

SITE PLAN – RELOCATION PARCEL



EXHIBIT C
PERMITTED EXCEPTIONS - PROPERTY

EXHIBIT D
PERMITTED EXCEPTIONS – RELOCATION PARCEL

This acknowledges my receipt of the check from the Village of Palatine to Rand Ridge LLC in the amount of \$200,000.

SALVATORE GAGLIANO

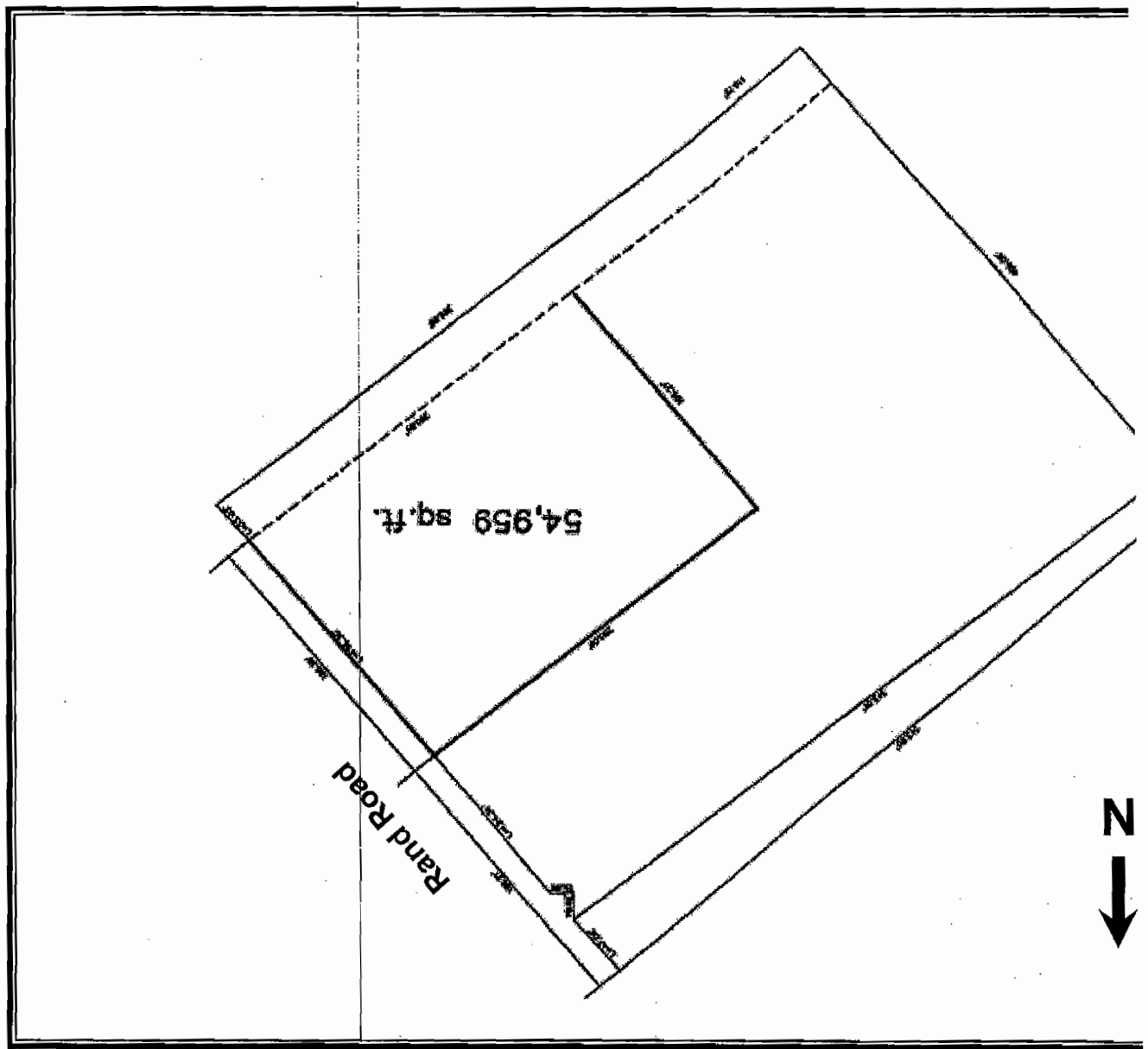
Name (print)

Salvatore Gagliano

Signature

4-10-07

Date



ORDINANCE NO. 0-114-07

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE
A REDEVELOPMENT AGREEMENT
FOR THE PROPERTY AT 1158 E. DUNDEE ROAD**

**Published in pamphlet form by authority of the
Mayor and Village Council of the Village of Palatine
On July 9, 2007**

ORDINANCE NO. 0-114-07

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE
A REDEVELOPMENT AGREEMENT
FOR THE PROPERTY AT 1158 E. DUNDEE ROAD**

WHEREAS, the Village of Palatine by Ordinance Nos. 0-23-03, 0-24-03, 0-25-03 and passed by the Mayor and Village Council on January 27, 2003 established a Tax Increment Financing District, adopted a Tax Increment Redevelopment Plan for Rand Road Corridor and designated a Redevelopment Project Area; and

WHEREAS, the Mayor and Village Council have on July 9, 2007 considered the proposed Redevelopment Agreement with White Castle System, Inc., a Delaware corporation ("White Castle"), Monarca Investments, Inc., an Illinois corporation ("Shopping Center Owner"), and North Star Trust Company, as successor Trustee under a Trust Agreement dated July 6, 1988 at Banco Popular, formerly known as Pioneer Bank and Trust Co., and known as Trust No. 25026, an Illinois land trust ("Property Owner") and have determined that entering into this Agreement furthers the purposes of the Tax Increment Financing District and the Redevelopment Plan for the Rand Road Corridor TIF District and furthers the public interest; and

NOW, THEREFORE, BE IT ORDAINED, by the Mayor and Village Council of the Village of Palatine, acting in the exercise of their home rule power that:

SECTION 1: The Village of Palatine hereby authorizes the Mayor to execute the Redevelopment Agreement, attached hereto as Exhibit "A", pursuant to the Tax Increment Financing Act, Section 65 ILCS 5/11-74/4-4(c)

REDEVELOPMENT AGREEMENT

THIS AGREEMENT ("Agreement"), made and entered into as of this 3/5 day of July, 2007 ("Agreement Date"), by and between the **Village of Palatine, Illinois**, an Illinois municipal home rule corporation located in Cook County, Illinois ("Village"), **White Castle System, Inc.**, a Delaware corporation ("White Castle"), **Monarca Investments, Inc.**, an Illinois corporation ("Shopping Center Owner"), and **North Star Trust Company**, as successor Trustee under a Trust Agreement dated July 6, 1988 at **Banco Popular**, formerly known as **Pioneer Bank and Trust Co.**, and known as **Trust No. 25026**, an Illinois land trust ("Property Owner"). The Village, White Castle, Shopping Center Owner, and Property Owner are sometimes referred to individually as a "Party" and collectively as the "Parties".

WITNESSETH:

WHEREAS, the Village is a home rule unit of government in accordance with Article VII Section 6 of the Constitution of the State of Illinois, 1977; and

WHEREAS, the Village has the authority, pursuant to the laws of the State of Illinois, to promote the health, safety and welfare of the Village and its inhabitants, to prevent the presence of blight, to encourage private development in order to enhance the local tax base, to increase additional tax revenue realized by the Village, foster increased economic activity within the Village, to increase employment opportunities within the

Village, and to enter into contractual agreements with third parties for the purpose of achieving the aforesaid purposes, and otherwise the interests of the Village; and

WHEREAS, the Village is authorized, under the provisions of the Tax Increment Allocation Redevelopment Act 65 ILCS 5/74.4-1 *et seq.*, as amended ("the Act") to finance redevelopment in accordance with the conditions and requirements set forth in the Act; and

WHEREAS, to stimulate and induce redevelopment in the Rand Road/Dundee Corridor pursuant to the Act, the Village has adopted the following ordinances, after giving all notices required and after conducting the public hearings required by law: and

1. Ordinance No. O-23-03, adopted January 27, 2003, titled "Ordinance Approving the Village of Palatine Cook County, Illinois, Rand Road Corridor Area Project Area Development Plan and Project;
2. Ordinance No. O-24-03 adopted January 27, 2003, titled "Ordinance Designating the Village of Palatine, Illinois, Rand Road/Dundee Road Corridor Area Tax Increment Redevelopment Project Area" ("Rand Road Redevelopment Project Area");
3. Ordinance No. O-25-03, adopted January 27, 2003, titled "Ordinance Adopting Tax Increment Financing for the Village of Palatine Rand Road/Dundee Corridor Area Tax Increment Redevelopment Project Area in the Village of Palatine, Cook County, Illinois"; and

WHEREAS, North Star Trust Company, as successor Trustee under a Trust Agreement dated July 6, 1988 at Banco Popular, formerly known as Pioneer Bank and Trust Co., and known as Trust No. 25026 is the legal title holder of the property located on Dundee Road, which is legally described on Exhibit "A" (the "Property"); and

WHEREAS, Monarca Investments, Inc. is the legal title holder of the property located on Dundee Road, which is legally described on Exhibit "B" (the "Property") (the "Shopping Center Property"); and

WHEREAS, White Castle desires to construct one of its restaurants on a portion of the Property (the "White Castle Restaurant"); and

WHEREAS, the Metropolitan Water Reclamation District ("MWRD"), in reviewing plans for the development of the White Castle Restaurant, is requiring that storm water drainage facilities be provided for the project, even though the Property is paved and contains no pervious surface; and

WHEREAS, the Parties agree that the only feasible method of providing the required storm water drainage facility is to build an underground storm water storage vault in accordance with the plans designated as Phase I of 2 prepared by MS Consultants, Inc. for the White Castle Project located at 1158 Dundee Road, Palatine, Illinois consisting of Sheets SD0, SD1, SD2, SD3, SD4, SD5 and SD6, last revised 12/04/06 (the "Storm Drainage Facility"); and

WHEREAS, there is insufficient land area available on the Property to construct the Storm Drainage Facility; and

WHEREAS, Shopping Center Owner has indicted its willingness to allow a portion of the Shopping Center Property to be used for the installation of the Storm Drainage Facility; and

WHEREAS, the Storm Drainage Facility has been designed to benefit both the Property and the Shopping Center Property; and

WHEREAS, the cost to provide the required Storm Drainage Facility was originally estimated by White Castle to be in the range of one hundred fifty thousand dollars (\$150,000.00); and

WHEREAS, the bid prices obtained to construct the Storm Drainage Facility identified the actual cost would approximate two hundred ninety thousand dollars (\$290,000.00), which is cost prohibitive for White Castle, Shopping Center Owner, and Property Owner; and

WHEREAS, in furtherance of the proposed redevelopment of the Rand Road/Dundee Road Corridor, the Village has been requested to assist in the construction costs of the Storm Drainage Facility; and

WHEREAS, the Village desires to see the Property redeveloped and is willing to consider assisting in the cost to install the Storm Drainage Facility; and

WHEREAS, the Village finds that the Agreement set forth below serves the public interest by assisting White Castle in locating and operating its business within the Village, while at the same time furthering the Village's purpose of redevelopment on the Property.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency which are hereby acknowledged, the Parties do hereby agree as follows:

ARTICLE ONE

INCORPORATION OF RECITALS.

The findings, representations and agreements set forth in the above Recitals are material to this Agreement and are hereby incorporated into and made a part of this Agreement as though fully set out in this Article One, and constitute findings, representations and agreements of the Village and the other Parties.

ARTICLE TWO

ASSISTANCE IN COSTS TO CONSTRUCT STORM WATER DETENTION FACILITY

1. Village TIF Benefit. Because MWRD is requiring storm water detention as a pre-requisite to construction of the White Castle Restaurant, the Village agrees to provide financial assistance to the Parties in the form of a cash payment to cover a portion of the expense of constructing the Storm Drainage Facility. This Village's initial TIF financial assistance shall not exceed One Hundred Twenty Thousand Dollars (\$120,000.00). The Village shall pay Property Owner up to One Hundred Twenty Thousand Dollars (\$120,000.00) within thirty (30) days after Property Owner provides the Village with copies of paid receipts and proof of payments incurred by Property Owner in constructing and installing the Storm Drainage Facility.

2. Recapture Payment to Village. At such time as Property Owner or a tenant of Property Owner seeks a building permit or seeks a business license from the Village to construct a new building or occupy the existing vacant building for any future use on the remaining portion of the Property not included within the development of the White Castle Restaurant, Property Owner or a tenant of Property Owner shall reimburse the Village Twenty-Five Thousand Dollars (\$25,000.00) as a pre-condition of: a) the Village issuing a building permit for said construction or occupancy; or b) business license for any new business on the Property other than White Castle.
3. White Castle Payment. White Castle agrees to pay to Property Owner, the amount of Twenty Thousand Dollars (\$20,000.00) upon completion of the Storm Drainage Facility by Property Owner and within thirty (30) days of written request from Property Owner. Upon request of White Castle, Property Owner shall provide to White Castle copies of paid receipts and proof of payment in full for the Storm Drainage Facility.
4. Property Owner Payment and Construction Work. Property Owner agrees to pay One Hundred Fifty Thousand Dollars (\$150,000.00) towards the construction costs of the Storm Drainage Facility. In addition, Property Owner agrees to perform (or cause to be performed by a licensed contractor) the construction work required to install the Storm Drainage Facility. In addition, Property Owner shall be responsible for paying all costs of constructing the Storm Drainage Facility in excess of Two Hundred Ninety Thousand Dollars (\$290,000.00).

5. Shopping Center Owner Contribution. Shopping Center Owner agrees to allow a portion of the Shopping Center Property, as shown on Exhibit "C", to be made available for the installation of the Storm Drainage Facility.

6. Storm Drainage Facility Easement. The Property Owner and Shopping Center Owner agree to execute an easement allowing (i) construction of the Storm Drainage Facility on the Shopping Center Property, (ii) the permanent right to use, maintain, repair and replace the Storm Drainage Facility on the Shopping Center Property to serve both the Property and Shopping Center Property and (iii) the discharge of storm water run-off from the Property into the Storm Drainage Facility.

ARTICLE THREE

STORM DRAINAGE FACILITY TO BENEFIT PROPERTY

AND SHOPPING CENTER PROPERTY

The Parties agree that the Storm Drainage Facility is being constructed for the benefit of the Shopping Center Property and the Property and that the Storm Drainage Facility shall benefit both properties in the event that additional construction is proposed on the Property.

ARTICLE FOUR

REMEDIES FOR DEFAULT

In the case of default by any Party, hereunder:

1. The defaulting Party shall, upon written notice from the non-defaulting Party, take action to cure or remedy such default. If, in case any monetary default is not cured within twenty days of receipt of a written notice of default or, if in the case of a non-monetary

default, action is not taken or not diligently pursued, or if action is taken and diligently pursued but such default or breach shall not be cured or remedied within a reasonable time, but in no event more than ninety additional days unless extended by mutual agreement, the non-defaulting Party may institute such proceedings as may be necessary or desirable, in its opinion, to cure or remedy such default or breach, including but not limited to, proceedings to compel specific performance of the defaulting Party's obligations under this Agreement.

2. In the case of default by Property Owner, in addition to any other remedies at law or equity, the Village shall be relieved of its obligations under this Agreement, including but not limited to, its obligations to make any payment to Property Owner. Any payment made to Property Owner shall be returned to the Village in the event of a default by Property Owner.

3. In the event a default is not cured within the applicable cure period, and the Parties employ an attorney or attorneys or incur other expenses for the collection of the payments due under this Agreement or the enforcement of performance or observance of any obligations or agreements herein contained, the non-prevailing Party shall pay, on demand, the prevailing Party's reasonable fees of such attorneys and such other reasonable expenses in connection with such enforcement action.

4. Any delay by either Party in instituting or prosecuting any actions or proceedings or otherwise asserting its rights under this Agreement, shall not operate, to act as a waiver of such rights or to deprive it of or, limit such rights in any such way, it being the intent of this provision that neither Party shall be deprived of or limited in the exercise of the

remedies provided in this Agreement because of concepts of waiver, laches or otherwise, nor shall any waiver in fact made with respect to any specific Event of Default be considered or treated as a waiver of the rights by the waiving party of any future Event of Default hereunder, except to the extent specifically waived in writing. No waiver made with respect to the performance, nor the manner or time thereof, of any obligation or any condition under the Agreement shall be considered a waiver of any rights except if expressly waived in writing.

5. The rights and remedies of the Parties to this Agreement, whether provided by law or by this Agreement, shall be cumulative, and the exercise of any one or more of such remedies shall not preclude the exercise by such Party, at that time or different times, of any other such remedies for the same Event of Default.

ARTICLE FIVE

NOTICES

All notices, certificates, approvals, consents or other communications desired or required to be given hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service, (b) overnight courier, or (c) registered or certified first class mail, postage prepaid, return receipt requested.

If to Village: Village of Palatine
 200 E Wood Street
 Palatine, IL 60067
 Attn: Village Clerk

With a copy to: Village of Palatine
 200 E Wood Street
 Palatine, IL 60067
 Attn: Village Manager

With a copy to: Schain, Burney, Ross & Citron, Ltd.
222 N. LaSalle Street, Suite 1910
Chicago, IL 60601
Attn: Robert C. Kenny

To White Castle: White Castle System, Inc.
555 West Goodale Street
Columbus, OH 43215
Attention: General Counsel

To Shopping Center Owner:
Monarca Investments, Inc.
Attn: Laura Perez
1190 E. Dundee Road
Palatine, IL 60067

With a copy to: Pacini Property Management
P. O. Box 577460
Chicago, IL 60657-7460

To Land Owner: North Star Trust Company, as Trustee under a trust agreement
Dated July 6, 1988 at Banco Popular, formally known as
Pioneer Bank and Trust Co. and known as Trust no. 25026
500 West Madison Street
Chicago, IL
Attn: Joseph or James Pacini

The Parties, by notice hereunder, may designate any further or different addresses to which subsequent notices, certificates, approvals, consents or other communications shall be sent. Any notice, demand or request sent pursuant to clause (a) shall be deemed received upon such personal service. Any notice, demand or request sent pursuant to clause (b) shall be deemed received on the day immediately following deposit with the overnight courier, and any notices, demands or requests sent pursuant to clause (c) shall be deemed received forty-eight (48) hours following deposit in the mail.

ARTICLE SIX

MISCELLANEOUS PROVISIONS

1. Time of the Essence. Time is of the essence of this Agreement.
2. Integration. This Agreement supercedes all prior agreements, negotiations and discussions relative to the subject matter hereof and is a full integration of the agreement of the Parties.
3. Execution. This Agreement may be executed in counterparts, each of which shall be an original and all of which will constitute one and the same Agreement.
4. Severability. If any provision of this Agreement, or any Section, sentence, clause, phrase or word, or the application thereof, in any circumstance, is held to be invalid, the remainder of this Agreement shall be construed as if such invalid part were never included herein, and this Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.
5. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.
6. Entire Contract And Amendments. This Agreement (together with the exhibits attached hereto) is the entire contract between the Village, Property Owner, Shopping Center Owner, and White Castle relating to the subject matter hereof, supersedes all prior and contemporaneous negotiations, understandings and agreements, written or oral, between the Village, Property Owner, Shopping Center Owner, and White Castle relating to the subject matter hereof, and may not be modified or amended except by a written instrument executed by the Parties hereto.

7. Third Parties. Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any other persons other than the Village, Property Owner, Shopping Center Owner, and White Castle, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to either the Village or Property Owner, nor shall any provision give any third parties any rights of subrogation or action over or against either the Village or Property Owner. This Agreement is not intended to and does not create any third party beneficiary rights whatsoever.
8. Waiver. Any party to this Agreement may elect to waive any right or remedy it may enjoy hereunder, provided that no such waiver shall be deemed to exist unless such waiver is in writing. No such waiver shall obligate the waiver of any other right or remedy hereunder, or shall be deemed to constitute a waiver of other rights and remedies provided pursuant to this Agreement.
9. No Assignment. No Party to this Agreement may assign its rights under this Agreement to any other person without the express written approval of the Village.
10. No Joint Venture, Agency or Partnership Created. Nothing in this Agreement, or any actions of the Parties to this Agreement, shall be construed by the Parties or any third person to create the relationship of a partnership, agency or joint venture between or among such parties.
11. No Personal Liability of Officials of Village or Other Parties. No covenant or agreement contained in this Agreement shall be deemed to be the covenant or agreement of the Mayor, Village Council member, Village Manager, any official, officer, partner,

member, director, agent, employee or attorney of the Village or any Party, in his or her individual capacity, and no official, officer, partner, member, director, agent, employee or attorney of the Village or any Party shall be liable personally under this Agreement or be subject to any personal liability or accountability by reason of or in connection with or arising out of the execution, delivery and performance of this Agreement, or any failure in that connection.

12. Tax Exempt Status. Consistent with its covenant in Section 10.7, Property Owner and successor owners shall not assert a tax-exempt status during their respective period of ownership. This prohibition shall run with the land and shall expire on the date the Entire Redevelopment Project Area expires or an earlier date if agreed by Village and Property Owner.

13. Sale Contracts. All sales contracts, leases and condominium declarations shall be made specifically subject to the terms of this Agreement.

14. No Gifts. White Castle, Property Owner and Shopping Center Owner covenant that no officer, member, manager, stockholder, employee or agent of said Parties, or any other person connected with said Parties, has made, offered or given, either directly or indirectly, to the Mayor, any Council member, or any officer, employee or agent of Village, or any other person connected with Village, any money or anything of value as a gift or bribe or other means of influencing his or her action in his or her capacity with Village.

15. Disclosure. Concurrently with execution of this Agreement, Property Owner and Shopping Center Owner shall execute and file with the Village a disclosure statement in the form and content prescribed by the Village.

liability companies. Said Parties shall disclose the same information to Village upon execution of this Agreement. Except as otherwise permitted herein, no change shall be made in the persons comprising said Parties or in their ownership interests without the consent of Village.

16. Adherence to Village Codes and Ordinances ~~Construction of the Storm Drainage~~

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

VILLAGE OF PALATINE, an Illinois
municipal corporation

By: [Signature]
Its: Mayor

ATTEST:

By: [Signature]
Its: Village Clerk

WHITE CASTLE SYSTEM, INC.

By: Nicholas W. Zuk
Its: Vice President

MONARCA INVESTMENTS, INC., an Illinois
corporation

By: [Signature]
Its: Secretary

NORTH STAR TRUST COMPANY, as
successor Trustee under a Trust Agreement
dated July 6, 1988 at Banco Popular, formerly
known as Pioneer Bank and Trust Co., and
known as Trust No. 25026, an Illinois land trust

Trustee's Exoneration Rider Attached Hereto And Made A Part Hereof

By: [Signature]

Its: ~~Secretary~~ Trust Officer and not personally

EXHIBIT LIST

EXHIBIT

- A Property Legal Description and Common Address
- B. Shopping Center Property Description and Common Address
- C. Storm Drainage Facility Plan

Exhibit A

Parcel 2: P.I.N.: 02-01-302-082-0000 (Future White Castle & Arby's)
1150 & 1158 E. Dundee Road

Lot 2A in Laredo Plaza Resubdivision of Lots 1 and 2 in Laredo Plaza Subdivision of Part of the East 1/2 of the Southwest 1/4 of Section 1, Township 42 North, Range 10, East of the Third Principal Meridian, according to the Plat of Said Resubdivision recorded December 20, 2002 as Document 0021418691, in Cook County, Illinois.

TYPE: ORDINANCE **SUBMITTED BY:** ADMINISTRATION **DATE:** 7/9/2007

DESCRIPTION: Consider an Ordinance Authorizing the Mayor to Execute a Redevelopment Agreement for the property located at 1158 Dundee Road.

(White Castle, Pacini & Monarca)

(District: 4)

COMMITTEE ACTION:

DATE:

BACKGROUND:

In 2005, the Village Council approved a drive-thru White Castle on Dundee Road. Just as White Castle was ready to begin construction, MWRD informed them that the property (including the adjacent Laredo Plaza) was not constructed per the originally approved plans and indicated that the applicable MWRD detention requirements must be met. After several meetings with MWRD, both White Castle and the Property Owner agreed to install the necessary detention improvements (an underground vault). While their initial cost estimates were roughly \$150,000, the two bids received ranged from \$290,000 to \$300,000. Due to these excessive costs, both the Property Owner and White Castle have requested Village assistance through a Redevelopment Agreement. Therefore, they are requesting approval of the following.

Ordinance authorizing the Mayor to execute a Redevelopment Agreement for the property located at 1158 Dundee Road.

KEY ISSUES:

- The financial obligations within the Redevelopment Agreement to facilitate the installation of the required detention improvements would consist of the following: 1) Property Owner to contribute \$150,000; 2) Village of Palatine to contribute up to \$120,000; and 3) White Castle to contribute \$20,000 (as well as covering the design costs). Upon the reuse or redevelopment of the remainder of the property, the occupant would be required to pay the Village \$25,000, thus reducing the Village's overall assistance to \$95,000.
- In addition to the financial contributions outlined above, the owner of the adjacent shopping center will be obligated to dedicate approximately 27,000 square feet of their property to accommodate the proposed underground detention facility and related access/maintenance easement.
- Based on the Subject Property ultimately being occupied by two drive-thru restaurants, the projected TIF increment would range from \$780,000 to \$1,100,000. These projections do not include the annual sales tax revenues (potentially \$50,000 or more) that would be generated by two new restaurants.

ALTERNATIVES:

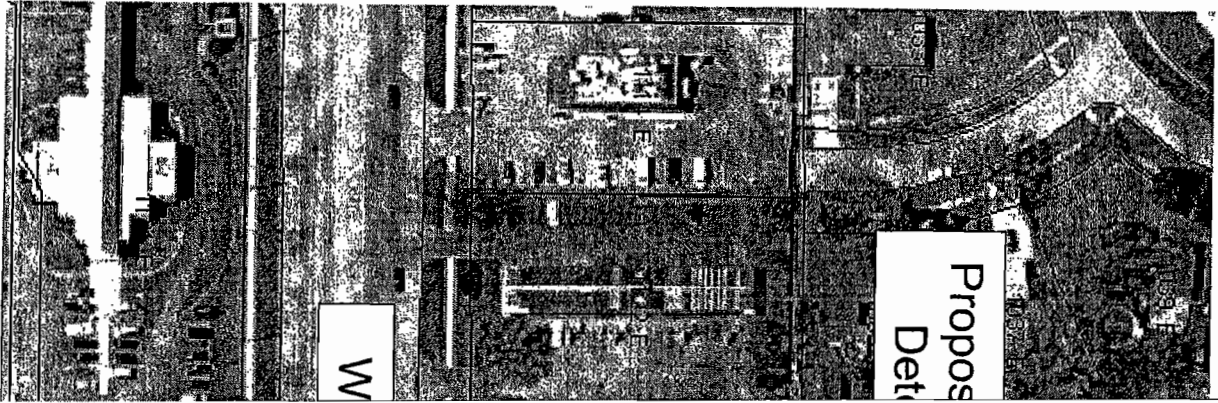
1. Approve the Ordinance.
2. Do not approve the Ordinance.

RECOMMENDATION:

Staff recommends approval.

ACTION REQUIRED:

Approve the Ordinance authorizing the Mayor to execute a Redevelopment Agreement for the property located at 1158 Dundee Road.





Doc#: 0820349020 Fee: \$136.00
Eugene "Gene" Moore
Cook County Recorder of Deeds
Date: 07/21/2008 11:35 AM Pg: 1 of 51

ORDINANCE NO. 0-163-07

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE
A REDEVELOPMENT AGREEMENT BETWEEN THE VILLAGE OF PALATINE,
PALATINE AUTOMOTIVE GROUP, INC. AND GEN II REALTY, INC.
FOR THE PROPERTY AT 2019 N. RAND ROAD**

PIN - 02-02-203-016

Village of Palatine
Village Clerk's Office
200 E. Wood Street
Palatine, IL 60067

**Published in pamphlet form by authority of the
Mayor and Village Council of the Village of Palatine
on September 17, 2007**

ORDINANCE NO. 0-163-07

AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE A
REDEVELOPMENT AGREEMENT BETWEEN THE
VILLAGE OF PALATINE, PALATINE AUTOMOTIVE GROUP, INC.
AND GEN II REALTY, INC. FOR THE
PROPERTY AT THE 2019 N. RAND ROAD

WHEREAS, the Village of Palatine by Ordinance Nos. 0-23-03, 0-24-03, 0-25-03 and passed by the Mayor and Village Council on January 27, 2003 established a Tax Increment Financing District, adopted a Tax Increment Redevelopment Plan for Rand Road Corridor and designated a Redevelopment Project Area; and

WHEREAS, the Mayor and Village Council have on September 17, 2007 considered the proposed Redevelopment Agreement with Palatine Automotive Group, Inc. and Gen II Realty, Inc. and have determined that entering into this Agreement furthers the purposes of the Tax Increment Financing District and the Redevelopment Plan for the Rand Road Corridor TIF District and furthers the public interest; and

NOW, THEREFORE, BE IT ORDAINED, by the Mayor and Village Council of the Village of Palatine, acting in the exercise of their home rule power that:

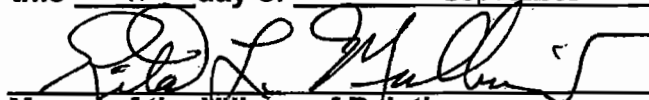
SECTION 1: The Village of Palatine hereby authorizes the Mayor to execute the Redevelopment Agreement, attached hereto as Exhibit "A", pursuant to the Tax Increment Financing Act, Section 65 ILCS 5/11-74/4-4(c) and authorizes the Mayor to execute any other supporting documents to the extent permitted by law.

SECTION 2: This Ordinance shall be in full force and effect upon passage and approval as provided by law.

PASSED: This 17 day of September, 2007

AYES: 6 NAYS: 0 ABSENT: 0 PASS: 0


APPROVED by me this 17 day of September, 2007



Mayor of the Village of Palatine

ATTESTED and FILED in the office of the Village Clerk this 17 day of

September, 2007



Village Clerk

9/13/2007 9:10 AM

STATE OF ILLINOIS)
COUNTY OF COOK) SS

I, MARGARET R. DUER, do hereby certify that I am the duly elected, qualified and acting Clerk of the Village of Palatine, Cook County, Illinois, and that I am the keeper of the records, journals, entries, ordinances and resolutions of the said Village of Palatine.

I do further certify that the foregoing Ordinance is a true and correct copy of an Ordinance passed and adopted by the Village Council of the Village of Palatine at a Regular meeting held on the 17 day of September, 2007, and that said ordinance was deposited and filed in the office of the Village Clerk on the 17 day of September, 2007.

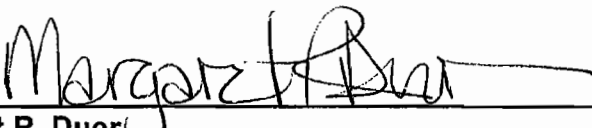
I do further certify that the original of which the foregoing is a true copy, is entrusted to my care for safekeeping and that I am the keeper of the same.

I further certify that the vote of the Village Council on the motion to adopt said ordinance was as follows:

AYES: 6 NAYS: 0 ABSENT: 0 PASS: 0

BY WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the Village of Palatine this 16 day of July, 2008.

(SEAL)


Margaret R. Duer
Palatine Village Clerk

REDEVELOPMENT AGREEMENT

THIS REDEVELOPMENT AGREEMENT (this "Agreement"), is made and entered into as of the 4TH day of OCTOBER, 2007 ("Agreement Date") by and between the **VILLAGE OF PALATINE, ILLINOIS**, an Illinois municipal home rule corporation, located in Cook County, Illinois (the "Village"), and **PALATINE AUTOMOTIVE GROUP, INC.** (the "Used Car Dealer") and **GEN II REALTY, INC.**, an Illinois Corporation ("GEN II"). (The Village, GEN II, and Used Car Dealer are sometimes referred to individually as a "Party" and collectively as the "Parties").

R E C I T A L S

WHEREAS, the Village is a home rule unit of government in accordance with Article VII, Section 6, of the Constitution of the State of Illinois, 1970; and

WHEREAS, the Village has the authority, pursuant to the laws of the State of Illinois, to promote the health, safety and welfare of the Village and its inhabitants, to prevent the presence of blight, to encourage private development in order to enhance the local tax base, to increase additional tax revenues realized by the Village, foster increased economic activity within the Village, to increase employment opportunities within the Village, and to enter into contractual agreements with third parties for the purpose of achieving the aforesaid purposes, and otherwise be in the best interests of the Village; and

WHEREAS, to stimulate and induce redevelopment in the Rand Road Corridor pursuant to the Act, the Village created the Rand Road Corridor TIF District by adopting the following ordinances, after giving all notices required and after conducting the public hearings required by law:

1. Ordinance No. O-23-03, adopted January 27, 2003, titled "Ordinance Approving the Village of Palatine Cook County, Illinois, Rand Road Corridor Area Project Area Development Plan and Project;

2. Ordinance No. O-24-03 adopted January 27, 2003, titled "Ordinance Designating the Village of Palatine, Illinois, Rand Road Corridor Area Tax Increment Redevelopment Project Area" ("Rand Road Corridor Redevelopment Project Area");

3. Ordinance No. O-25-03, adopted January 27, 2003, titled "Ordinance Adopting Tax Increment Financing for the Village of Palatine Rand Road Corridor Area Tax Increment Redevelopment Project Area in the Village of Palatine, Cook County, Illinois"; and

WHEREAS, the Village is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et seq., as amended (the "Act"), to finance redevelopment in accordance with the conditions and requirements set forth in the Act; and

WHEREAS, Used Car Dealer represents and warrants to Village that Used Car Dealer, and its principals, are skilled in the development and operation of used automobile sales and are able to provide the Project with the necessary skill, knowledge and expertise as well as input from other experts and consultants in the construction and operation of the Project; and

WHEREAS, GEN II desires to own and, together with Used Car Dealer, to redevelop the Property; and

WHEREAS, Used Car Dealer and GEN II have been granted a special use develop the existing building and site for used automobile sales as more fully described in Article 2 under the definition of Project; and

WHEREAS, it is necessary for the successful completion of the Project (as defined in Article 2) that the Village enter into this Agreement with Used Car Dealer to provide for the

development of the Property, thereby implementing and bringing to completion a portion of the Redevelopment Plan; and

WHEREAS, Used Car Dealer has been and continues to be unwilling to undertake the redevelopment of the Property but for certain tax increment financing ("TIF") incentives from the Village, which the Village is willing to provide under the terms and conditions contained herein; and

WHEREAS, the Village proposes to finance its share of the costs to be incurred in connection with the Project by utilizing Tax Increment Financing in accordance with the Act, which will serve a public purpose by reducing or eliminating conditions that, in part, qualify the Rand Road Redevelopment Project Area as a blighted area and which are necessary to foster development within the Rand Road Redevelopment Project Area; and

WHEREAS, this Agreement has been submitted to the Corporate Authorities of the Village for consideration and review, the Corporate Authorities have taken all actions required to be taken prior to the execution of this Agreement in order to make the same binding upon the Village according to the terms hereof, and any and all actions of the Corporate Authorities of the Village precedent to the execution of this Agreement have been undertaken and performed in the manner required by law; and

WHEREAS, this Agreement has been submitted to the Directors of GEN II for consideration and review, the Directors have taken all actions required to be taken prior to the execution of this Agreement in order to make the same binding upon GEN II according to the terms hereof, and any and all action of GEN II's Directors precedent to the execution of this Agreement have been undertaken and performed in the manner required by law.

WHEREAS, this Agreement has been submitted to the Directors of Used Car Dealer for consideration and review, the Directors have taken all actions required to be taken prior to the

execution of this Agreement in order to make the same binding upon Used Car Dealer according to the terms hereof, and any and all action of Used Car Dealer's Directors precedent to the execution of this Agreement have been undertaken and performed in the manner required by law.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

ARTICLE ONE

INCORPORATION OF RECITALS

The findings, representations and agreements set forth in the above Recitals are material to this Agreement and are hereby incorporated into and made a part of this Agreement as though fully set out in this Article One, and constitute findings, representations and agreements of the Village, GEN II, and Used Car Dealer according to the tenor and import of the statements in such Recitals.

ARTICLE TWO

DEFINITIONS

For the purposes of this Agreement, unless the context clearly requires otherwise, words and terms used in this Agreement shall have the meanings provided from place to place herein, including above in the recitals hereto and as follows:

"Act" means the Tax Increment Allocation Redevelopment Act found at 65 ILCS 5-11-74.4-1, *et seq.*

"Agreement" means this Redevelopment Agreement.

"Certificate of Completion" means the document to be provided to Used Car Dealer and/or GEN II by the Village within thirty (30) days after Used Car Dealer's written request which is submitted to the Village after Used Car Dealer has provided all required waiver of liens and sworn statements necessary to comply with the Illinois Mechanics Lien Act, has remained opened for business on the Property pursuant to the terms of this Agreement, has complied with all Village codes and has satisfied the obligations of this Agreement, which document states that used Car Dealer has completed and satisfied all construction terms, covenants and conditions contained in this Agreement.

"Change in Law" means the occurrence, after the Effective Date, of an event described below that materially changes the costs or ability of the Party relying thereon to carry out its obligations under this Agreement and such event is not caused by the Party relying thereon. Change in Law means any of the following: (i) the enactment, adoption, promulgation or modification of any federal, state or local law, ordinance, code, rule or regulation; (ii) the order or judgment of any federal or state court, administrative agency or other governmental body; (iii) the imposition of any conditions on, or delays in, the issuance or renewal of any governmental license, approval or permit (or the suspension, termination, interruption, revocation, modification, denial or failure of issuance or renewal thereof) necessary for the undertaking of the services to be performed under this Agreement; or (iv) the adoption, promulgation, modification or interpretation in writing of a written guideline or policy statement by a governmental agency, but shall not include laws, rules, regulations and ordinances of the Village, acting voluntarily and not as a result of a mandate from a higher authority, except to the extent they are generally applicable throughout the Village and do not violate the express terms of this Agreement.

"Closing" means the acquisition of Property by Used Car Dealer.

"Corporate Authorities" means the Village Mayor and Village Council of the Village of Palatine, Illinois.

"Day" means a calendar day.

"Final Plans" means the plans which are attached hereto as **Exhibit "A"**.

"GEN II" means GEN II Realty, Inc., an Illinois corporation.

"Party" means the Village and/or Used Car Dealer and/or GEN II and its successors and/or assigns if permitted herein.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, trust, or government or any agency or political subdivision thereof, or any agency or entity created or existing under the compact clause of the United States Constitution.

"Project" means the development, construction, financing, completion and operation of a used car sales facility consisting of a franchise with Thrifty in the existing building located on the Property with approximately 4,000 square feet of interior space and the prospective phase II addition of approximately an additional 3,000 square feet, together with the Property paving and other improvements, all in accordance with the Final Plans if approved by the Village.

"Property" means the parcel of land as that parcel is legally described on **Exhibit "B"**, upon which the Project will be developed.

"Rand Road Redevelopment Project Area" means the entire Rand Road TIF district created by the Ordinances adopted by the Village in 2003.

"Redevelopment Plan" means the "Redevelopment Plan" for Rand Road as defined in the Village Ordinance No. O-23-03.

"State" means the State of Illinois.

"**TIF Ordinances**" means Ordinances Nos. O-23-03, O-24-03, and O-25-03 all adopted by the Village on January 27, 2003, as described in the Recitals to this Agreement.

"**TIF Eligible Expenses**" means land acquisition and other eligible expenses as authorized to be reimbursed by the Act.

"**Uncontrollable Circumstance**" means any event impacting the construction of the Project, which:

- (a) is beyond the reasonable control of and without the fault of the Party relying thereon; and
- (b) is one or more of the following events:
 - (i) a Change in Law;
 - (ii) insurrection, riot, civil disturbance, sabotage, act of the public enemy, explosion, nuclear incident, war or naval blockade;
 - (iii) epidemic, hurricane, tornado, landslide, earthquake, lightning, fire, windstorm, flood, other extraordinary weather conditions or other similar Act of God;
 - (iv) governmental condemnation or taking other than by the Village; or
 - (v) strikes or labor disputes, other than those caused by the acts of Used Car Dealer or GEN II.
 - (vi) shortage of materials not attributable to Used Car Dealer or GEN II;
- (c) Uncontrollable Circumstance shall not include: (1) economic hardship or impracticability of performance (except as described under Change of Law); (2) commercial or economic frustration of purpose, (except as described under Change of Law); (3) unavailability of materials, strikes or labor disputes caused by the acts of Used Car Dealer or GEN II; (4) a failure of performance by a contractor (except as caused by events which are otherwise Uncontrollable Circumstances hereunder, as to such contractor).

"Used Car Dealer" means PALATINE AUTOMOTIVE GROUP, INC.

"Village" means the Village of Palatine, Illinois, an Illinois municipal corporation.

ARTICLE THREE

CONSTRUCTION

This Agreement, except where the context by clear implication shall otherwise require, shall be construed and applied as follows:

- (a) Definitions include both singular and plural.
- (b) Pronouns include both singular and plural and cover all genders.
- (c) The word "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".
- (d) Headings of sections herein are solely for convenience of reference and do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.
- (e) All exhibits attached to this Agreement shall be and are operative provisions of this Agreement and shall be and are incorporated by reference in the context of use where mentioned and referenced in this Agreement. In the event of a conflict between any exhibit and the terms of this Agreement, the terms of this Agreement shall control.
- (f) Any certificate, letter or opinion required to be given pursuant to this Agreement means a signed document attesting to or acknowledging the circumstances, representations, opinions of law or other matters therein stated or set forth. Reference herein to supplemental agreements, certificates, demands, requests, approvals, consents, notices and the like means that such shall be in writing whether or not a writing is specifically mentioned in the context of use.

- (g) In connection herewith concerning written directions or authorization in respect of the investment of any funds, notwithstanding any provision hereof to the contrary, such direction or authorization in writing, including by telecopier/facsimile transmission, shall be appropriate and is hereby approved.
- (h) The Village Manager, unless applicable law requires action by the Corporate Authorities, shall have the power and authority to make or grant or do those things, certificates, requests, demands, notices and other actions required that are ministerial in nature or described in this Agreement for and on behalf of the Village and with the effect of binding the Village as limited by and provided for in this Agreement. Used Car Dealer and GEN II are entitled to rely on the full power and authority of the persons executing this Agreement on behalf of the Village as having been properly and legally given by the Village.
- (i) In connection with the foregoing and other actions to be taken under this Agreement, and unless applicable documents require action by Used Car Dealer or GEN II in a different manner, Used Car Dealer and GEN II hereby designate **Gary N. Vicari** as their authorized representative who shall individually have the power and authority to make or grant or do all things, supplemental agreements, certificates, requests, demands, approvals, consents, notices and other actions required or described in this Agreement for and on behalf of Used Car Dealer and GEN II and with the effect of binding Used Car Dealer and GEN II in that connection (individual being "Authorized Used Car Dealer Representative"). Used Car Dealer and GEN II shall have the right to change its Authorized Used Car Dealer Representative by providing the Village with

written notice of such change which notice shall be sent in accordance with
Section 15.2.

ARTICLE FOUR

IMPLEMENTATION OF PROJECT

The Village, GEN II, and Used Car Dealer agree to cooperate in implementing the Project in accordance with the Parties' respective obligations set forth in this Agreement. The Special Use approval for the Project was granted and approved on September 17, 2007.

ARTICLE FIVE

ACQUISITION OF PROPERTY BY GEN II

This Agreement is conditioned upon Gen II acquiring legal title to the Property no later than October 31, 2007. In the event that Gen II does not acquire legal title to the Property on or before October 31, 2007, this Agreement shall be null and void unless the Parties agree to amend this provision.

ARTICLE SIX

VILLAGE COVENANTS AND AGREEMENTS

6.1 Village's Redevelopment Obligations. The Village shall have the obligations set forth in this Article Six in connection with the Project. Notwithstanding the obligations of this Article Six, this Agreement shall not constitute a debt of the Village within the meaning of any constitutional statutory provision or limitation.

6.2 TIF Funding. TIF funds shall be disbursed to GEN II in accordance with the terms of this Agreement. The Village shall provide TIF assistance to GEN II in an amount not to exceed Four Hundred Thousand Dollars (\$400,000.00) in cash in reimbursement of TIF Eligible Expenses incurred by GEN II for the Project (the "TIF Assistance"). Said payment by the Village to GEN II shall be made annually on a "pay as you go" basis. The amount of the annual TIF

Assistance payments made by the Village to GEN II shall be equal to the lesser of fifty percent (50%) of the annual sales taxes received by the Village from the Project during the preceding year or Fifty Thousand Dollars (\$50,000.00). No later than May 31st of each year, the Village shall reimburse GEN II on the basis of the lesser of fifty (50%) percent of the annual sales tax received by the Village in the preceding year from the Project or Fifty Thousand Dollars (\$50,000.00) as the TIF Assistance, until GEN II has received not more than Four Hundred Thousand Dollars (\$400,000.00) in cash, subject to GEN II having spent sufficient TIF Eligible Expenses to justify said amount and also subject to the Used Car Dealer being open and operating at the time of any such payment.

6.3 Defense of TIF District. In the event that any court or governmental agency, having jurisdiction over enforcement of the Act and the subject matter contemplated by this Agreement, shall determine that this Agreement is contrary to law, or in the event that the legitimacy of the Rand Road Redevelopment Project Area is otherwise challenged before a court or governmental agency having jurisdiction thereof, the Village will, at its sole cost and expense, defend the integrity of the Rand Road Redevelopment Project Area and this Agreement. Used Car Dealer will fully cooperate with the Village in connection with the foregoing, and will be entitled to reimbursement by the Village for TIF Eligible Expenses incurred in connection with such cooperation and approved in writing by the Village prior to being incurred.

6.4 Cooperation with Other Permits. The Village agrees to cooperate with Used Car Dealer in Used Car Dealer's attempts to obtain all necessary site development approvals from any governmental or quasi-governmental entity other than the Village.

6.5 Certificate of Completion. Within thirty (30) days after Used Car Dealer's written request which is submitted to the Village after Used Car Dealer has remained opened for

business on the Property, for a sufficient time to receive full TIF reimbursement, and after Used Car Dealer has complied with all Village codes and has satisfied the obligations of this Agreement, the Village shall deliver the Certificate of Completion.

6.6 Cash Payment. Based on Gen II incurring expenses that are eligible under the Act, and GEN II providing proof of payment and paid receipts for said TIF Eligible Expenses, the Village shall reimburse GEN II a sum not to exceed Four Hundred Thousand Dollars (\$400,000.00). Said amount shall be paid pursuant to Section 6.2 of this Agreement subject to the condition that Used Car Dealer and/or the operator of the Used Car Dealer's sales facility, complete, execute and deliver to the Village, an "Authorization to Release Sales Tax Information", upon receipt of the Illinois Business Tax Number for the Used Car Dealer's sales facility.

ARTICLE SEVEN

USED CAR DEALER'S AND GEN II'S COVENANTS AND AGREEMENTS

7.1 Used Car Dealer's and GEN II's Redevelopment Obligations. Used Car Dealer and GEN II shall have the obligations set forth in this Article Seven for the development, construction, financing, completion, operation and furtherance of the Project.

7.2 Permit Application Deadlines. By December 31, 2007, Used Car Dealer shall have applied for (and made all submittal requirements in conformance with Village codes) a building permit for the construction of the Project in accordance with the Final Plans. The Village adopted an ordinance granting special use approval for used car sales for the Project on September 17, 2007. If the Project is not open for business within the time limits set forth in the Village Zoning Ordinance for Special Uses, then this Agreement shall be null and void and the Village shall have no duty to make any payments pursuant to this Agreement.

7.3 Financing Deadline. Prior to execution of this Agreement, Used Car Dealer and GEN II shall demonstrate to the Village's satisfaction through signed letters of intent or otherwise that

Used Car Dealer and GEN II have sufficient funds to pay the cost of the Project and any other obligations of GEN II and Used Car Dealer hereunder relating to the Property. GEN II and Used Car Dealer shall obtain a binding financing commitment in form and content that is typical in the industry, for construction financing for the Project ("Construction Loan") to be constructed and shall provide to the Village evidence of such commitment upon request by the Village Manager.

7.4 Project Development Budget. Used Car Dealer shall submit to the Village the project development budget approved by the construction lender prior to the Village execution of this Agreement.

7.5 Timing of Used Car Dealer's Obligations. Used Car Dealer covenants and agrees to develop, or cause to be developed, the Project on the Property, subject to Uncontrollable Circumstances.

7.6 Compliance with Applicable Laws. GEN II and Used Car Dealer warrant that they shall at all times acquire, install, construct, operate and maintain the Project in conformance with all applicable laws, rules, ordinances and regulations. All work with respect to the Project shall conform to all applicable federal, state and local laws, regulations and ordinances, including, but not limited to, zoning, subdivision, planned development codes, building codes, environmental codes, life safety codes, property maintenance codes and any other applicable codes and ordinances of the Village. Village shall not enact any law, ordinance, rule or regulation (or amendment thereto) which would have the effect of increasing Used Car Dealer's obligations hereunder, including an increase in the cost of the Project, unless said law, ordinance, rule or regulation is one of general applicability to all property in the Village.

7.7 No Default of Other Agreements. Used Car Dealer and GEN II shall not be in default under this Agreement or be in default under any franchise agreement with Thrifty or any other

agreement with any other party in connection with the development and operation of the Project.

7.8 Progress Meetings. Used Car Dealer and GEN II shall meet with the Village Council and Village staff and make presentations to the Village Council and Village staff as reasonably requested by the Village Manager in order to keep the Village apprised of the progress of the development.

7.9 Authorized Representative. Subject to the provisions thereof, Used Car Dealer and GEN II have designated in **Article Three** (i) a representative with full power and authority to meet with Village staff for purposes of coordinating and implementing obligations of the Parties under this Agreement; provided, however, that all agreements of the Parties shall be in writing and fully authorized by all necessary action of such Parties.

7.10 Real Estate Tax Payments. GEN II, Used Car Dealer and successor owners agree to pay all general and special real estate taxes levied during their respective period of ownership against their respective interest in the Project on or prior to the date same is due and said taxes shall not become delinquent. GEN II, Used Car Dealer and successor owners shall deliver evidence of payment of such taxes to the Village upon request.

7.11 Tax Exempt Status. Consistent with its covenant in **Section 7.10**, GEN II, Used Car Dealer and successor owners shall not assert a tax-exempt status during their respective period of ownership. This prohibition shall run with the land and shall expire on the date the Rand Road Redevelopment Project Area expires or an earlier date if agreed by the Village, GEN II, and Used Car Dealer.

7.12 Real Estate Tax Challenges. So long as the Redevelopment Project Area remains in effect, GEN II and all successor owners of the Property agree not to challenge, contest, or seek reduction in the assessed value of the Property if such challenge, contest or reduction would

result in an equalized assessed value lower than \$912,235 in 2009 plus 3% applied to such amount annually to be added to such amount in triennial reassessment years thereafter.

7.13 Sale Contracts. All Property sales contracts, franchise agreements, and Property leases shall be made specifically subject to the terms of this Agreement.

7.14 Fees and Expenses. Used Car Dealer shall pay all Village and other governmental entity-imposed fees, including but not limited to permit, inspection, review, tap-on, and storm water drainage fees that are assessed on a uniform basis throughout the Village and are of a general applicability to all other property in the Village. Said payments shall be made as directed by the applicable Village code or policy.

GEN II's and/or Used Car Dealer's failure to pay the fees and expenses described in this Section 7.14 or elsewhere in this Agreement, shall constitute an Event of Default hereunder. Without waiving its rights against GEN II and/or Used Car Dealer, the Village may be reimbursed for said fees and expenses to the extent they are TIF Eligible Expenses.

7.15 Agreement to Remain Open and Operating. Used Car Dealer agrees to keep the used car sales facility open, operating, and selling automobiles until such date that the Village has received incremental property tax revenue generated by the Property sufficient to reimburse the Village for all TIF money and other expenditures incurred by the Village for the Project. In the event that Used Car Dealer fails to remain open for business in satisfaction of the foregoing requirement of this Section 7.15, Used Car Dealer agrees that it shall not seek to reduce its real estate tax assessment based on vacancy in the building or on the Property and the Village will be released of its duty to provide any further TIF Reimbursements to Used Car Dealer and Gen II.

7.16 Development Signage for the Property. Subsequent to execution of this Agreement, upon proper and complete permit application, Used Car Dealer shall have the right to install

signage on the Property, designed, located and installed in a manner acceptable to the Village in conformance with the Village Zoning Ordinance.

ARTICLE EIGHT

ADDITIONAL COVENANTS OF USED CAR DEALER AND GEN II

8.1 Used Car Dealer Existence. Used Car Dealer will do or cause to be done all things necessary to preserve and keep in full force and effect its existence and standing as an Illinois Corporation authorized to do business in Illinois, so long as Used Car Dealer maintains an interest in the Property or has any other remaining obligation pursuant to the terms of this Agreement. Used Car Dealer will also do or cause to be done all things necessary to preserve and keep in full force and effect its existence and good standing its franchise with Thrifty. The Village duty to reimburse Used Car Dealer for TIF Reimbursable expenses shall be suspended during any time period that Used Car Dealer is not in good standing with its franchise with Thrifty or other national car brand being operated by Used Car Dealer on the Property with Village consent.

8.2 GEN II Existence. GEN II will do or cause to be done all things necessary to preserve and keep in full force and effect its existence and standing as an Illinois corporation authorized to do business in Illinois, so long as GEN II maintains an interest in the Property or has any other remaining obligation pursuant to the terms of this Agreement. GEN II will also do or cause to be done all things necessary to preserve and keep in full force and effect its existence and good standing its franchise with Thrifty. The Village duty to reimburse Used Car Dealer for TIF Reimbursable expenses shall be suspended during any time period that Used Car Dealer is not in good standing with its franchise with Thrifty or other national car brand being operated by Used Car Dealer on the Property with Village consent.

8.3 Construction of Project. Used Car Dealer shall diligently pursue obtaining all required permits and Used Car Dealer shall cause construction of the Project on the Property to be prosecuted and completed in good faith and without delay, subject to Uncontrollable Circumstances.

8.4 Indemnification. GEN II and Used Car Dealer agrees to and does hereby indemnify, defend and hold the Village, Mayor, Village Council Members, Village Manager, officers, agents and employees (hereinafter "Indemnified Parties") 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 Indemnified Parties (which shall not include any claim related to the loss of sales tax or incremental property tax revenues), which are caused as a result of:

- a. the failure of GEN II and/or Used Car Dealer to comply with any of the terms, covenants or conditions of this Agreement with which GEN II and/or Used Car Dealer is obligated to comply; or
- b. the failure of GEN II and/or Used Car Dealer or any of Used Car Dealer's contractors to pay contractors, subcontractors or materialmen in connection with the Project; or
- c. material misrepresentations or omissions of GEN II and/or Used Car Dealer relating to the Project, financials or this Agreement which are the result of information supplied or omitted by GEN II and/or Used Car Dealer or by its agents, employees, contractors or persons acting under the control or at the request of GEN II and/or Used Car Dealer; or
- d. the failure of GEN II and/or Used Car Dealer to cure any material misrepresentations or omissions of GEN II and/or Used Car Dealer in this Agreement relating to the Project within the applicable cure provisions of this Agreement; or

- e. any claim or cause of action for injury or damage brought by a third party arising out of the construction or operation of the Project by GEN II and/or Used Car Dealer; or
- f. any violation by GEN II and/or Used Car Dealer of local ordinance, state~~or~~, federal laws, or Thrifty franchise agreement in connection with the offer and sale of interests in GEN II and/or Used Car Dealer or any part of the Project; or
- g. the occurrence of an Event of Default by GEN II and/or Used Car Dealer; or
- h. the failure of GEN II and/or Used Car Dealer to comply with any of the terms, covenants or conditions of its franchise agreement with Thrifty.

The provisions of this **Section 8.4** shall not apply to any loss which arises out of (in whole or in part) the intentional conduct on the part of any Indemnified Party providing this information, but only to the extent that such Indemnified Parties' misconduct or misinformation contributed to the loss, or that the loss is attributable to such Indemnified Parties' misconduct or negligence or misinformation.

8.5 Insurance. Prior to execution of this Agreement by the Village, Used Car Dealer (or Used Car Dealer's contractor) shall deliver to the Village, at Used Car Dealer's cost and expense, insurance required to be carried by Used Car Dealer pursuant to **Article Twelve**. The Village shall be named as an additional insured party on Used Car Dealer's insurance policies until such time as a Certificate of Completion is issued; provided that, Village hereby agrees and acknowledges that its rights as an additional insured are subordinate to the priority of the Project lender as a loss payee.

8.6 Further Assistance and Corrective Instruments. The Village, GEN II and Used Car Dealer agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may be reasonably required for carrying out the intention of or facilitating the performance

of this Agreement to the extent legally permitted and within the Village's sound legal discretion.

8.7 No Gifts. GEN II and Used Car Dealer covenant that no officer, member, manager, stockholder, employee or agent of GEN II or Used Car Dealer, or any other person connected with GEN II or Used Car Dealer, has made, offered or given, either directly or indirectly, to the Mayor, any Council member, or any officer, employee or agent of the Village, or any other person connected with the Village, any money or anything of value as a gift or bribe or other means of influencing his or her action in his or her capacity with the Village.

8.8 Conveyance. In recognition of the nature of the Project and the Village's projections of the need for incremental tax revenues to finance TIF Eligible Expenses, in accordance with the Act, during the life of the TIF consistent with its covenants in Sections 7.10 and 7.11, GEN II shall not knowingly undertake to convey the Property to persons whose ownership and use of such Property will cause it to be exempt from payment of property taxes. To facilitate this provision, Gen II, Used Car Dealer and all successor owners of the Property shall comply with that certain agreement between the Village and the Japanese Cultural Center, recorded as document number 00135693.

8.9 Disclosure. Prior to the Village executing this Agreement, GEN II and Used Car Dealer shall disclose to the Village the names, addresses and ownership interests of all Persons that comprise GEN II and Used Car Dealer, including all shareholders of the corporations. All changes made in the persons comprising GEN II and Used Car Dealer or in their ownership interests shall be disclosed to the Village during the term of this Agreement. GEN II and Used Car Dealer shall also provide evidence satisfactory to the Village Manager of its acceptance by Thrifty to operate a Thrifty franchise on the Property.

8.10 Open Book Project. GEN II's and Used Car Dealer's Project shall be an "open book" project meaning that GEN II and Used Car Dealer and the general contractor (or contractors, if more than one) will assure continuing access to the Village's agents for the purpose of reviewing and auditing their respective books and records relating to any item necessary to determine the costs of the Project. The foregoing Village review rights shall terminate one (1) year after the issuance of the final certificate of occupancy with respect to costs for the Project, unless GEN II and/or Used Car Dealer has failed to make available any such books and/or records requested in writing by the Village. GEN II and Used Car Dealer shall provide to the Village copies of any corporate, partnership, limited liability operating agreements or joint venture agreements pertaining to the Property to which GEN II or Used Car Dealer is a party; provided that GEN II and/or Used Car Dealer may, (if GEN II and/or Used Car Dealer has previously provided the Village not less than thirty (30) days to review such confidential financial materials), remove from the copies of such agreements any confidential financial information previously disclosed to the Village and not since changed in form or substance and the Village shall keep such agreements confidential, to the maximum extent permitted by law. Failure to provide the documents or allow review of the books within fifteen (15) days after request by the Village shall be an Event of Default. GEN II and Used Car Dealer shall exercise prudence and good faith in attempting to contract with persons or entities who are reputable and experienced in their respective areas for the provision of services or material for the design and construction of the Project at costs not in excess of market rates. The Village agrees that GEN II and Used Car Dealer may designate within its discretion the general contractor (or general contractors) for the Project. The general contractor (or general contractors) designated by GEN II and Used Car Dealer shall be experienced and reputable.

8.11 No Transfer without Village's Consent. Used Car Dealer's Project may only be transferred or conveyed upon review and consent of the Village. The Parties agree that no transfer will be requested except to a national used car franchise. Used Car Dealer shall notify the Village of any intent to transfer ~~of~~ any interest in the Project and shall comply with the Special Use conditions imposed in the Special Use ordinance for the Property.

ARTICLE NINE

ADHERENCE TO VILLAGE CODES AND ORDINANCES

All development and construction of the Project shall comply in all respects with the provisions in the Building, Plumbing, Mechanical, Electrical, Storm Water Management, Fire Prevention, Property Maintenance, Zoning and Subdivision Codes of the Village and all other germane codes and ordinances of the Village in effect from time to time, unless otherwise mandated by State law or permissible under a variance or exemption granted to GEN II or Used Car Dealer by a governmental body authorized to grant such variance or exemption. GEN II and Used Car Dealer have examined and is familiar with and agrees that its development of the Project shall be performed in accordance with all the covenants, conditions, restrictions, building regulations, zoning ordinances, property maintenance regulations, environmental regulations and land use regulations, codes, ordinances, federal, state and local ordinances affecting the Project or is permissible under a variance or exemption granted to GEN II or Used Car Dealer by a governmental body authorized to grant such variance or exemption.

ARTICLE TEN

REPRESENTATIONS AND WARRANTIES OF USED CAR DEALER

AND GEN II

GEN II and Used Car Dealer represent, warrant and agree as the basis for the undertakings on their respective parts herein contained that as of the date hereof and until completion of the Project:

10.1 Organization and Authorization. GEN II and Used Car Dealer are Illinois corporations authorized to do business in Illinois and existing under the laws of the State of Illinois, and are authorized to and have the power to enter into, and by proper action have been duly authorized to execute, deliver and perform, this Agreement. GEN II and Used Car Dealer are able to pay their debts as they mature and financially able to perform all the terms of this Agreement. To GEN II and to Used Car Dealer's knowledge, there are no actions at law or similar proceedings which are pending or threatened against GEN II or Used Car Dealer, respectively, which would materially and adversely affect the ability of GEN II or Used Car Dealer to proceed with the construction and development of the Project.

10.2 Non-Conflict or Breach. Neither the execution and delivery of this Agreement by either the GEN II or Used Car Dealer, the consummation of the transactions contemplated hereby by GEN II or Used Car Dealer, nor the fulfillment of or compliance with the terms and conditions of this Agreement by GEN II or Used Car Dealer conflict with or result in a breach of any of the terms, conditions or provisions of any franchise agreement, offerings or disclosure statement made or to be made on behalf of GEN II or Used Car Dealer (with GEN II's or Used Car Dealer's prior written approval), any organizational documents, any restrictions, agreement or instrument to which GEN II or Used Car Dealer or any of its partners or venturers is now a party or by which GEN II or Used Car Dealer or any of its partners or its venturers is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any prohibited lien, charge or encumbrance whatsoever upon any of the assets or rights of GEN II or Used Car Dealer, any related party or any of its venturers under the terms of any instrument

or agreement to which GEN II or Used Car Dealer, any related party or any of its partners or venturers is now a party or by which GEN II or Used Car Dealer, any related party or any of its venturers is bound, the effect of which would have a material and adverse effect upon the Project.

10.3 Location of Project. The Project will be located entirely within the Property.

10.4 Financial Resources. GEN II and Used Car Dealer, respectively, have sufficient financial and economic resources to implement and complete GEN II's and/or Used Car Dealer's respective obligations contained in this Agreement.

ARTICLE ELEVEN

REPRESENTATIONS AND WARRANTIES OF THE VILLAGE.

The Village represents, warrants and agrees as the basis for the undertakings on its part herein contained that:

11.1 Organization and Authority. The Village is a municipal corporation duly organized and validly existing under the law of the State of Illinois, is a home rule unit of government, and has all requisite corporate power and authority to enter into this Agreement.

11.2 Authorization. The execution, delivery and the performance of this Agreement and the compliance with the provisions of this Agreement (except with regard to condemnation): (i) have been duly authorized by all necessary corporate action on the part of the Village, (ii) require no other consents, approvals or authorizations on the part of the Village in connection with the Village's execution and delivery of this Agreement, and (iii) shall not, by lapse of time, giving of notice or otherwise result in any breach of any term, condition or provision of any indenture, agreement or other instrument to which the Village is subject.

11.3 Litigation. To the best of the Village's knowledge, there are no proceedings pending or threatened against or affecting the Village or the Rand Road Redevelopment Project Area in any

court or before any governmental authority which involves the possibility of materially or adversely affecting the ability of the Village to perform its obligations under this Agreement.

11.4 Connections. The Village shall permit the connection to Village utility systems of all water lines, sanitary and storm sewer lines or Village utility lines existing or constructed in the Property or near the perimeter of the Property as set forth on the Final Plans, provided that GEN II and Used Car Dealer comply with all requirements of general applicability promulgated by the Village for such connections. Village shall grant utility easements over Village owned land and public rights of way as may be necessary or appropriate to accommodate the utilities shown on the Final Plans.

11.5 Best Efforts. Village agrees to cooperate with Used Car Dealer in Used Car Dealer's efforts to obtain necessary site development licenses, permits and approvals from other governmental and quasi-governmental bodies for the Project, including, the state and local Departments of Transportation and Metropolitan Water Reclamation District.

ARTICLE TWELVE

LIABILITY AND RISK INSURANCE.

12.1 Liability Insurance Prior to Commencement of Construction. Prior to the Village issuing any building permits for the Project, Used Car Dealer (or Used Car Dealer's contractor) shall procure and deliver to the Village, at Used Car Dealer's (or such contractor's) cost and expense, and shall maintain in full force and effect until each and every obligation of Used Car Dealer contained herein has been fully paid, or performed, a policy or policies of comprehensive liability insurance. During any period of construction, Used Car Dealer (or Used Car Dealer's contractor) shall procure and deliver to the Village, at Used Car Dealer's (or such contractor's) cost and expense, and shall maintain in full force and effect until each and every obligation of Used Car Dealer contained herein has been fully paid, or performed, a policy or

policies of contractor's liability insurance and worker's compensation insurance, with liability coverage under the comprehensive liability insurance to be not less than Two Million Dollars (\$2,000,000.00) each occurrence and Five Million (\$5,000,000.00) total. All such policies shall be in such form and issued by such companies as shall be acceptable to the Village to protect the Village and Used Car Dealer against any liability incidental to the use of or resulting from any claim for injury or damage occurring in or about the Project on the Property, or the construction and improvement thereof by Used Car Dealer. Each such policy shall name the Village as an additional insured and shall contain an affirmative statement by the issuer that it will give written notice to the Village at least thirty (30) days prior to any cancellation or amendment of its policy; provided that, Village hereby agrees and acknowledges that it's rights as an additional insured are subordinate to the priority of the construction lender as a loss payee. Used Car Dealer may satisfy its insurance obligations in this Article Twelve by way of a blanket policy or policies which includes other liabilities, properties and locations having a general policy aggregate of at least Ten Million (\$10,000.00) Dollars. Used Car Dealer shall provide to the Village a replacement certificate not less than thirty (30) days prior to expiration of any policy.

12.2 Builder's Risk Prior to Completion. Prior to completion of the construction of the Project on the Property, as certified by the Village, Used Car Dealer shall keep in force at all times builders risk insurance on a completed value basis, in non-reporting form, against all risks of physical loss, including collapse, covering the total value of work performed and equipment, supplies and materials furnished for the Project (including on-site stored materials), all as to work by Used Car Dealer. Such insurance policies shall be issued by companies satisfactory to the Village. All such policies shall contain a provision that the same will not be canceled or modified without prior thirty (30) day written notice to the Village.

ARTICLE THIRTEEN

EVENTS OF DEFAULT AND REMEDIES.

13.1 GEN II and Used Car Dealer Events of Default. The following shall be Events of Default with respect to this Agreement:

a. If any representation made by GEN II or Used Car Dealer in this Agreement, or in any certificate, notice, demand or request made by a Party hereto, in writing and delivered to the Village pursuant to or in connection with any of said documents, shall prove to be untrue or incorrect in any material respect as of the date made; provided, however, that such default shall constitute an Event of Default only if GEN II or Used Car Dealer, respectively, does not remedy the default, within thirty (30) days after written notice from the Village.

b. Default by GEN II or Used Car Dealer for a period of thirty (30) days after written notice thereof in the performance or breach of any covenant contained in this Agreement concerning the existence, structure or financial condition of GEN II or Used Car Dealer; provided, however, that such default or breach shall not constitute an Event of Default if such default cannot be cured within said thirty (30) days and GEN II or Used Car Dealer, respectively, within said thirty (30) days, initiates and diligently pursues appropriate measures to remedy the default; provided further, however, that such additional period will be limited to an additional thirty (30) days.

c. Default by GEN II or Used Car Dealer in the performance or breach of any covenant, warranty, representation, or obligation contained in this Agreement or in its Thrifty franchise agreement, which is not cured within thirty (30) days (or such longer period permitted for cure under such franchise agreement) after written notice of such breach; provided, however, that such default shall not constitute an Event of Default if such default cannot be cured within said thirty (30) days (or longer period under the franchise agreement) and the

GEN II or Used Car Dealer, respectively, within said initial period for cure initiates and diligently pursues appropriate measures to remedy the default; provided further, however, that such additional period will be limited to an additional thirty (30).

d. The entry of a decree or order for relief by a court having jurisdiction in the premises in respect of GEN II or Used Car Dealer, respectively, in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of GEN II or Used Car Dealer, respectively, for any substantial part of its property, and either ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) consecutive days, or where a plan of reorganization reasonably acceptable to Village is not confirmed within one hundred twenty (120) days after such order or decree.

e. The commencement (i) by GEN II or Used Car Dealer, respectively, of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law; (ii) by any third party or parties of an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, which is not dismissed within ninety (90) days after filing or with respect to which a plan of reorganization reasonably acceptable to Village has not been confirmed within one hundred twenty (120) days after commencement, or the consent by GEN II or Used Car Dealer, respectively, to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of GEN II or Used Car Dealer, respectively, or of any substantial part of the Property, or the making by any such entity of any assignment for the benefit of creditors or the failure of GEN II or Used Car Dealer, respectively, generally to

pay such entity's debts as such debts become due or the taking of any action by GEN II or Used Car Dealer, respectively, in furtherance of any of the foregoing.

f. Failure to have funds to meet GEN II or Used Car Dealer's respective obligations under this Agreement.

g. Sale, assignment, or transfer of the Project except in accordance with this Agreement.

h. Change in the GEN II or Used Car Dealer.

i. GEN II or Used Car Dealer abandons the Project. Abandonment shall be deemed to have occurred when the used car facility ceases to operate for more than thirty (30) consecutive days for any reason other than Uncontrollable Circumstances.

j. GEN II or Used Car Dealer, respectively, fails to comply with applicable governmental codes and regulations in relation to the construction and maintenance of the buildings contemplated by this Agreement. The maintenance requirement of this provision shall not be covered by and shall survive any Certificate of Completion or Estoppel Certificate of any kind issued during the term of this Agreement.

13.2 Village Events of Default. The following shall be Events of Default with respect to this Agreement:

a. if any material representation made by the Village in this Agreement, or in any certificate, notice, demand or request made by a party hereto, in writing and delivered to GEN II or Used Car Dealer pursuant to or in connection with any of said documents, shall prove to be untrue or incorrect in any material respect as of the date made; provided, however, that such default shall constitute an Event of Default only if such breach materially threatens or jeopardizes the value or completion of the Project and the Village does not remedy the default, within thirty (30) days after written notice from GEN II or Used Car Dealer respectively;

b. default by the Village in the performance or breach of any material covenant contained in this Agreement concerning the existence, structure or financial condition of the Village; provided, however, that such default shall constitute an Event of Default only if such breach materially threatens or jeopardizes the value or completion of the Project and the Village does not initiate within thirty (30) days after written notice from GEN II or Used Car Dealer, respectively, and thereafter diligently pursue appropriate measures to remedy the default;

c. default by the Village in the performance or breach of any material covenant, warranty or obligation contained in this Agreement; provided, however, that such default shall not constitute an Event of Default if the Village, commences cure within thirty (30) days after written notice from GEN II or Used Car Dealer, respectively, and in any event cures such default within sixty (60) days after such notice, subject to Uncontrollable Circumstances; or

d. failure to have funds to meet the Village's obligations.

13.3 Remedies for Default.

- A. In the event of an Event of Default hereunder, the non-defaulting party may institute such proceedings as may be necessary or desirable in its opinion to cure or remedy such default or breach, including, but not limited to, proceedings to compel specific performance of the defaulting party's obligations under this Agreement.
- B. In the event Village shall have proceeded to enforce its rights under this Agreement and such proceedings shall have been discontinued or abandoned for any reason, then, and in each such case, GEN II, Used Car Dealer and Village shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of GEN II, Used Car Dealer and the Village shall continue as though no such proceedings had been taken.

C. In the case of an Event of Default by GEN II or Used Car Dealer, in addition to any other remedies at law or in equity, the Village shall be relieved of its obligations under this Agreement.

13.4 Agreement to Pay Attorneys' Fees and Expenses. In the event an Event of Default is not cured within the applicable cure periods and the Parties employ an attorney or attorneys or incur other expenses for the collection of the payments due under this Agreement or the enforcement of performance or observance of any obligation or agreement herein contained, the non-prevailing party shall pay, on demand, the prevailing party's reasonable fees of such attorneys and such other reasonable expenses in connection with such enforcement action. The Village's duty to pay shall be subject to the Illinois Local Government Prompt Payment Act.

13.5 No Waiver by Delay or Otherwise. Any delay by either party in instituting or prosecuting any actions or proceedings or otherwise asserting its rights under this Agreement shall not operate to act as a waiver of such rights or to deprive it of or limit such rights in any way (it being the intent of this provision that neither party should be deprived of or limited in the exercise of the remedies provided in this Agreement because of concepts of waiver, laches or otherwise); nor shall any waiver in fact made with respect to any specific Event of Default be considered or treated as a waiver of the rights by the waiving party of any future Event of Default hereunder, except to the extent specifically waived in writing. No waiver made with respect to the performance, nor the manner or time thereof, of any obligation or any condition under the Agreement shall be considered a waiver of any rights except if expressly waived in writing.

13.6 Rights and Remedies Cumulative. The rights and remedies of the Parties to this Agreement, whether provided by law or by this Agreement, shall be cumulative, and the

exercise of any one or more of such remedies shall not preclude the exercise by such Party, at that time or different times, of any other such remedies for the same Event of Default.

ARTICLE FOURTEEN

EQUAL EMPLOYMENT OPPORTUNITY

14.1 No Discrimination. GEN II and Used Car Dealer will not discriminate against any employee or applicant for employment on the basis of race, color, religion, sex or national origin. To the fullest extent permitted by law, GEN II and Used Car Dealer will take affirmative action to ensure that applicants are employed and treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, transfer, recruitment, recruitment advertising, layoff, termination, rate of pay or other forms of compensation and selection for training, including apprenticeship. GEN II and Used Car Dealer agree to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Village setting forth the provisions of this nondiscrimination clause.

14.2 Advertisements. GEN II and Used Car Dealer will, in all solicitations or advertisements for employees placed by or on behalf of GEN II and/or Used Car Dealer, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

14.3 Contractors. Any contracts made by GEN II and/or Used Car Dealer with any general contractor, agent, employee, independent contractor or any other Person in connection with Project shall contain language similar to that recited in Sections 14.1 and 14.2 above.

ARTICLE FIFTEEN

MISCELLANEOUS PROVISIONS.

15.1 Cancellation. In the event ~~prior to Closing~~, GEN II, Used Car Dealer or the Village shall be prohibited, in any material respect, from performing covenants and agreements or enjoying the rights and privileges herein contained, or contained in the Redevelopment Plan, including Used Car Dealer's duty to build the Project, by any Uncontrollable Circumstance, or in the event that all or any part of the Act or any ordinance adopted by the Village in connection with the Project shall be declared invalid or unconstitutional, in whole or in part, by a final decision of a court of competent jurisdiction and such declaration shall materially affect the Redevelopment Plan or the covenants and agreements or rights and privileges of GEN II, Used Car Dealer or the Village, then and in any such event, the Party so materially affected may, at its election, cancel or terminate this Agreement in whole or in part (with respect to that portion of the Project materially affected) by giving written notice thereof to the other prior to Closing. If the Village terminates this Agreement pursuant to this Section 15.1, to the extent it is then appropriate, the Village, at its option, may also terminate its duties, obligation and liability under all or any related documents and agreements.

15.2 Notices. All notices, certificates, approvals, consents or other communications desired or required to be given hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service, (b) overnight courier, or (c) registered or certified first class mail, postage prepaid, return receipt requested.

If to Village: Village of Palatine
200 E Wood Street
Palatine, IL 60067
Attn: Village Clerk

With a copy to: Village of Palatine
200 E Wood Street
Palatine, IL 60067
Attn: Village Manager

With a copy to: Schain, Burney, Ross & Citron, Ltd.

222 N. LaSalle Street, Suite 1910
Chicago, IL 60601
Attn: Robert C. Kenny

If to GEN II or
Used Car Dealer: Arlington Automotive Group, Inc.
935 West Dundee Road
Buffalo Grove, IL 60089
Attn: Gary N. Vicari

With a copy to: Steven M. Sack, Esq.
110 East 59th Street, 19th Floor
New York, New York 10022

With a copy to: Meltzer, Purtill & Stelle, LLC
1515 East Woodfield Road, Second Floor
Schaumburg, IL 60173
Attn: Mark R. Raymond

The Parties, by notice hereunder, may designate any further or different addresses to which subsequent notices, certificates, approvals, consents or other communications shall be sent. Any notice, demand or request sent pursuant to clause (a) hereof shall be deemed received upon such personal service or upon dispatch by electronic means. Any notice, demand or request sent pursuant to clause (b) shall be deemed received on the day immediately following deposit with the overnight courier, and any notices, demands or requests sent pursuant to clause (c) shall be deemed received forty-eight (48) hours following deposit in the mail.

15.3 Time of the Essence. Time is of the essence of this Agreement.

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

15.5 Recordation of Agreement. The Parties agree to record this Agreement in the Recorder's Office of Cook County.

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

15.7 Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

15.8 Entire Contract and Amendments. This Agreement (together with the exhibits attached hereto) is the entire contract and a full integration of the Agreement between the Village, GEN II and Used Car Dealer relating to the subject matter hereof, supersedes all prior and contemporaneous negotiations, understandings and agreements, written or oral, between the Village, GEN II and Used Car Dealer, and may not be modified or amended except by a written instrument executed by the Parties hereto.

15.9 Third Parties. Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any other persons other than the Village, GEN II and Used Car Dealer, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to either the Village, GEN II or Used Car Dealer, nor shall any provision give any third parties any rights of subrogation or action over or against either the Village, GEN II or Used Car Dealer. This Agreement is not intended to and does not create any third party beneficiary rights whatsoever.

15.10 Waiver. Any party to this Agreement may elect to waive any right or remedy it may enjoy hereunder, provided that no such waiver shall be deemed to exist unless such waiver is in writing. No such waiver shall obligate the waiver of any other right or remedy hereunder, or

shall be deemed to constitute a waiver of other rights and remedies provided pursuant to this Agreement.

15.11 Cooperation and Further Assurances. The Village, GEN II and Used Car Dealer each covenants and agrees that each will do, execute, acknowledge and deliver or cause to be done, executed and delivered, such agreements, instruments and documents supplemental hereto as may be reasonably required for the better clarifying, assuring, mortgaging, and confirming unto the Village, GEN II or Used Car Dealer or other appropriate persons all and singular the rights, property and revenues covenanted, agreed, and pledged under or in respect of this Agreement.

15.12 Successors in Interest. This Agreement shall be binding upon and inure to the benefit of the Parties hereto. Notwithstanding anything herein to the contrary, none of the Parties may not delegate their obligations hereunder without the express written approval of the other applicable Party.

15.13 No Joint Venture, Agency or Partnership Created. Nothing in this Agreement, or any actions of the Parties to this Agreement, shall be construed by the Parties or any third person to create the relationship of a partnership, agency or joint venture between or among such parties.

15.14 No Personal Liability of Officials of Village or Used Car Dealer. No covenant or agreement contained in this Agreement shall be deemed to be the covenant or agreement of the Mayor, Village Council member, Village Manager, any official, officer, partner, member, director, agent, employee or attorney of the Village, GEN II or Used Car Dealer, in his or her individual capacity, and no official, officer, partner, member, director, agent, employee or attorney of the Village, GEN II or Used Car Dealer shall be liable personally under this Agreement or be subject to any personal liability or accountability by reason of or in connection with or arising out of the execution, delivery and performance of this Agreement, or any failure in that connection.

15.15 Repealer. To the extent that any ordinance, resolution, rule, order or provision of the Village's code of ordinances, or any part thereof, is in conflict with the provisions of this Agreement, the provisions of this Agreement shall be controlling, to the extent lawful.

15.16 Term. This Agreement shall remain in full force and effect for twenty-three (23) years from the date the Rand Road Redevelopment Project Area was created, unless the Redevelopment Plan with respect to the Project is extended or until termination of the Rand Road Redevelopment Project Area or until otherwise terminated pursuant to the terms of this Agreement.

15.17 Estoppel Certificates. Each of the parties hereto agrees to provide the other, upon not less than ten (10) business days prior request, a certificate ("Estoppel Certificate") certifying that this Agreement is in full force and effect (unless such is not the case, in which such parties shall specify the basis for such claim), that the requesting party is not in default of any term, provision or condition of this Agreement beyond any applicable notice and cure provision (or specifying each such claimed default) and certifying such other matters reasonably requested by the requesting party.

15.18 Municipal Limitations. All municipal commitments are limited to the extent required by law.

15.19 Prevailing Wage Act Compliance. Prevailing Wages. GEN II and Used Car Dealer acknowledge that construction and installation for municipal infrastructure in connection with this Agreement requires compliance with the Prevailing Wage Law. Under the Prevailing Wage Act, GEN II and Used Car Dealer shall require that contractors and sub-contractors make available upon reasonable request from the Village, but not more often than twice a year, certified payroll to the Village. These records shall be kept by the Village for three (3) years and are subject to review through the Freedom of Information Act (FOIA), provided that for

purposes of public review, such records would not include an employee's address or social security number, and GEN II and Used Car Dealer's agreements with contractors and subcontractors shall so comply.

ARTICLE SIXTEEN

EFFECTIVENESS


The Effective Date for this Agreement shall be the day on which this Agreement is fully executed pursuant to a duly enacted Village ordinance authorizing the execution and adoption of this Agreement. GEN II and Used Car Dealer shall execute this Agreement not later than twenty-one (21) days after Village Council authorization of execution of this Agreement or else this Agreement will be deemed void.

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

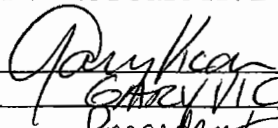
VILLAGE OF PALATINE, an Illinois
municipal corporation

By: 
Its: Mayor

ATTEST:

By: 
Its: Village Clerk

PALATINE AUTOMOTIVE GROUP, INC.

By: 
Name: GARY VICARI
Its: President

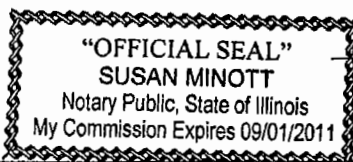
GEN II REALTY, INC.

By: 
Name: GARY VICARI
Its: President

STATE OF ILLINOIS)
) SS
COUNTY OF)

I, SUSAN MINOTT, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that GARY VICARI of PALATINE AUTOMOTIVE GROUP, INC., an Illinois corporation, who is 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 and delivered the said instrument as his own free and voluntary act as said President and as the free and voluntary act of said corporation for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 4 day of OCTOBER, 2007.



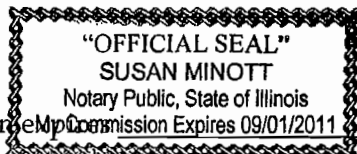
Susan Minott
Notary Public

My commission expires _____.

STATE OF ILLINOIS)
) SS
COUNTY OF)

I, SUSAN MINOTT, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that GARY VICARI of GEN II Realty Inc., an Illinois corporation, who is 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 and delivered the said instrument as his own free and voluntary act as said President and as the free and voluntary act of said corporation for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 4 day of OCTOBER, 2007.



Susan Minott
Notary Public

My commission expires _____.

EXHIBITS

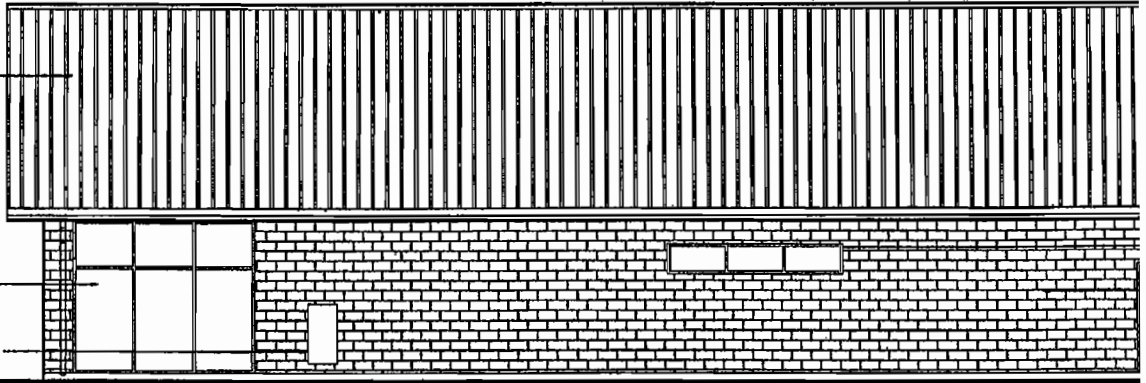
EXHIBIT A FINAL PLANS

EXHIBIT B LEGAL DESCRIPTION OF PROPERTY

EXISTING STANDING SEAM
METAL ROOF TO REMAIN

NEW 1" TINTED INSULATED
GLASS IN ANODIZED ALUMINUM
FRAMES (WHITE FINISH)

EXISTING COM. ED. METER BOX



SOUTH ELEVATION

SCALE: 1/8" = 1'-0"

EXISTING LOUVER

NEW SIGNAGE

NEW 1" TINTED INSULATED
GLASS IN ANODIZED ALUMINUM
FRAMES (WHITE FINISH)



WEST ELEVATION

SCALE: 1/8" = 1'-0"

SGM • Architects
ARCHITECTURE PLANNING DESIGN

n Farm Lane Lake Zurich, IL 60047
t: 847.728.9517



R.O. NICK 847
LAKE ZURICH, ILLINOIS 60047
PHONE (847) 488-0118
FAX (847) 488-0117

PHASE I ELEVATIONS

THI
2019

EXHIBIT "B"

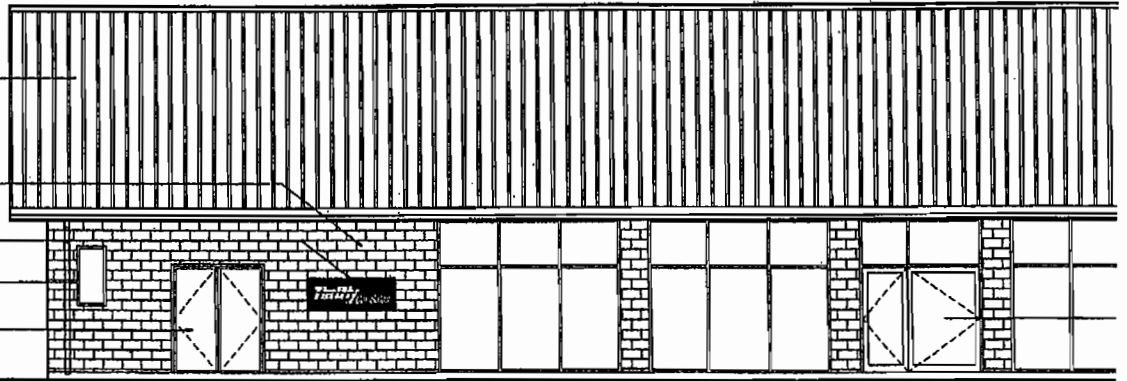
EXISTING STANDING SEAM
METAL ROOF TO REMAIN

EXISTING SPLIT FACE CONCRETE
BLOCK TO BE RESTAINED

NEW SIGNAGE

EXISTING WINDOW
TO REMAIN

EXISTING ALUMINUM AND GLASS
ENTRY DOOR WITH ADA RAMP
AND GUARDRAIL



NORTH ELEVATION

SCALE: 1/8" = 1'-0"



85 Glen Farm Lane Lake Zurich, IL 60047
EL/FAX: 847.726.9517

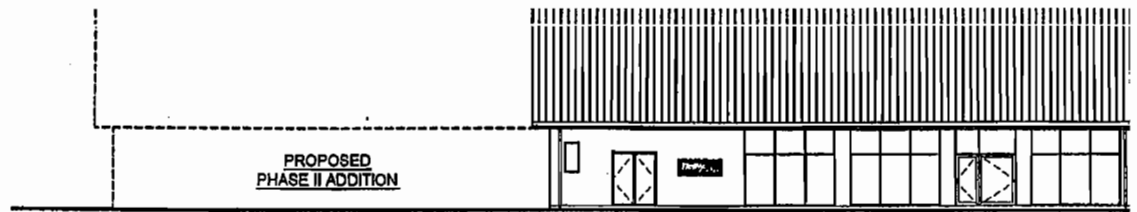


P.O. BOX 8117
LAKE ZURICH, ILLINOIS 60047
PHONE (847) 433-8118
FAX (847) 433-8117

PHASE I ELEVATIONS

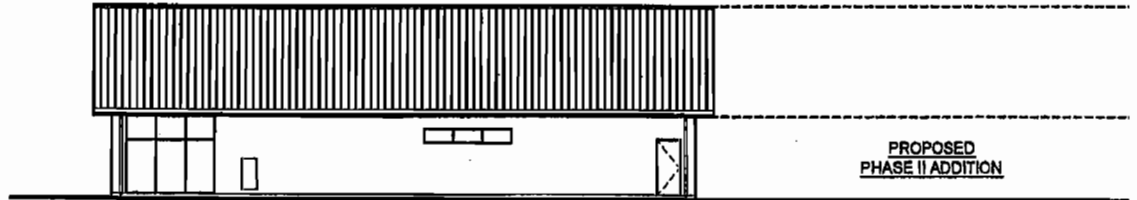
TH
20

EXHIBIT "B"



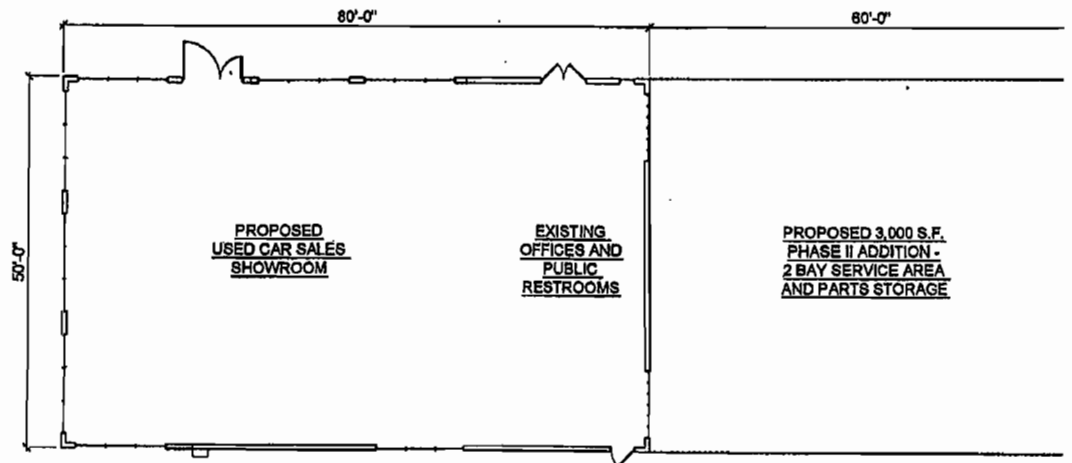
NORTH ELEVATION

SCALE: 1/16" = 1'-0"



SOUTH ELEVATION

SCALE: 1/16" = 1'-0"



BUILDING PLAN

SCALE: 1/16" = 1'-0"

SGM • Architects
ARCHITECTURE PLANNING DESIGN

1000 Farm Lane Lake Zurich, IL 60047
TEL: 847.726.9517

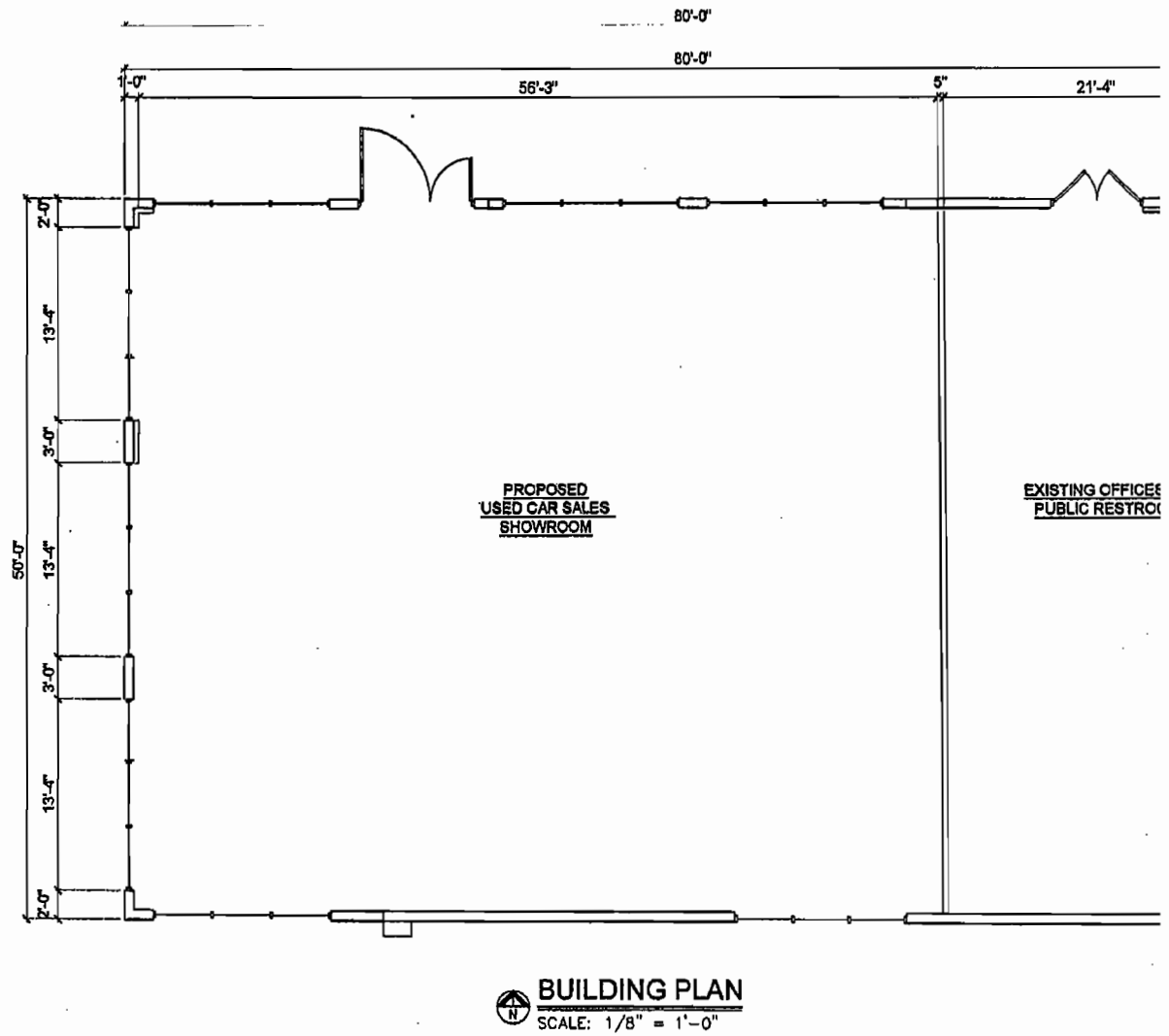


P.O. BOX 547
LAKE ZURICH, ILLINOIS 60047
PHONE (847) 438-9115
FAX (847) 438-9117

PHASE II PLAN AND ELEVATIONS

THI
2016

EXHIBIT "B"



SGM • Architects
ARCHITECTURE • PLANNING • DESIGN
• Glen Farm Lane Lake Zurich, IL 60047
/ FAX: 847.728.9517

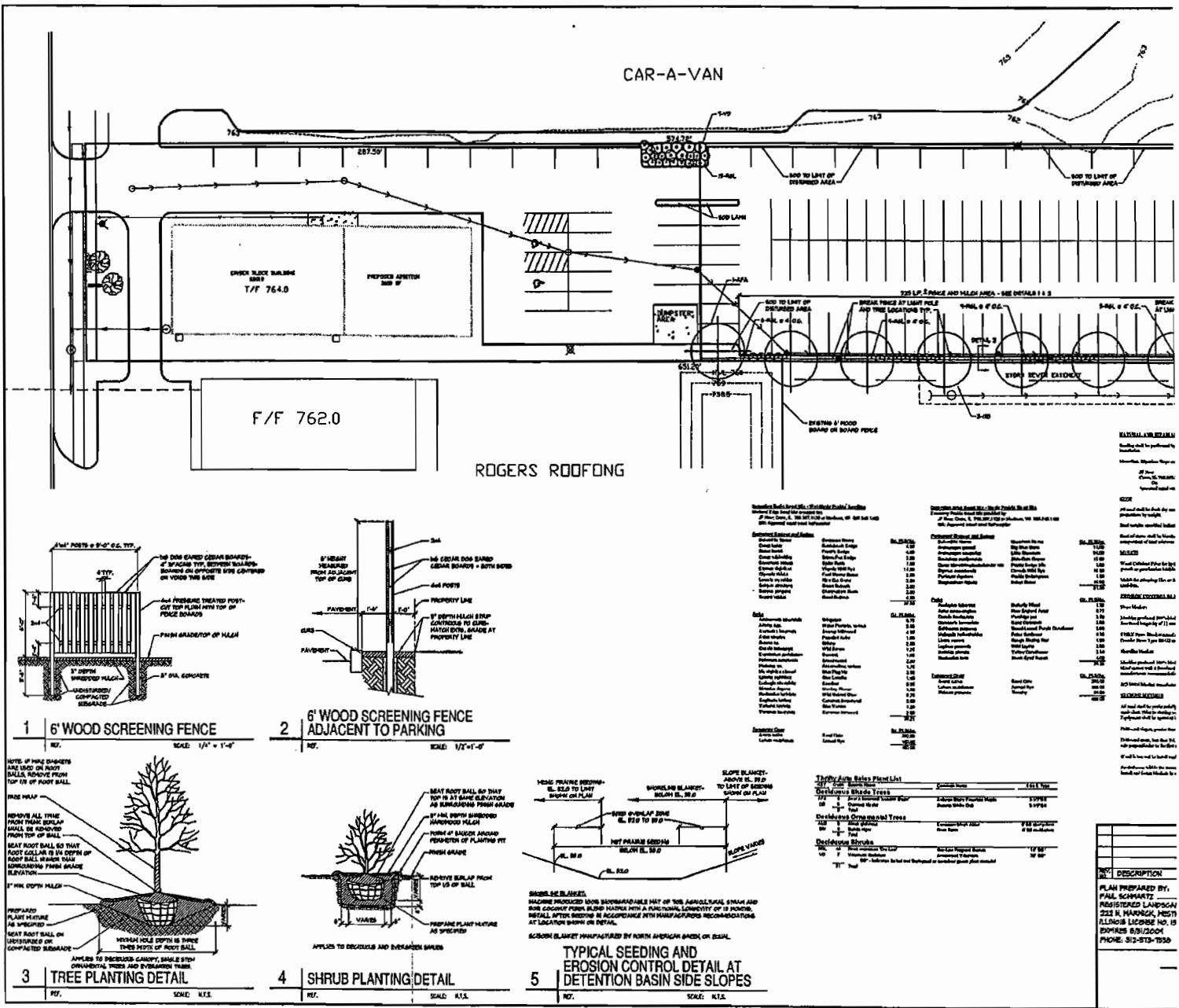


R.D. BOX 917
LAKE ZURICH, ILLINOIS 60047
PHONE (847) 438-8115
FAX (847) 438-8117

PHASE I PLAN

THI
2019

EXHIBIT "B"



PRELIMINARY ENGINEERING PLAN PARKING LOT EXPANSION

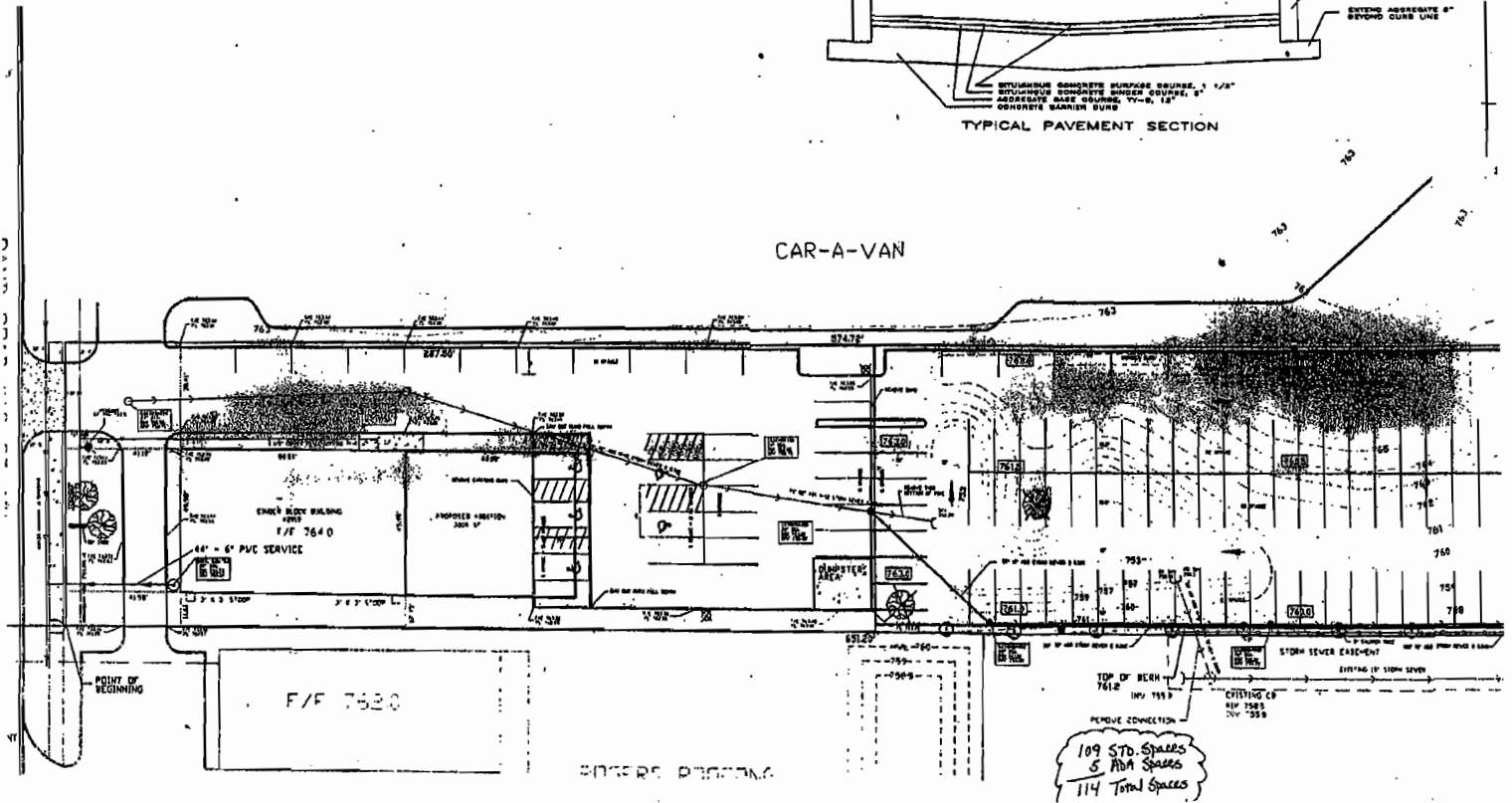
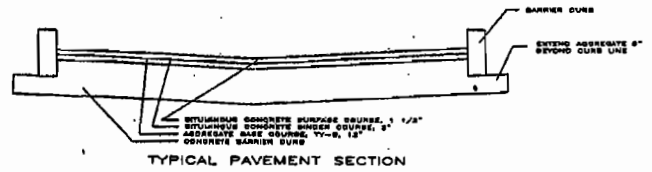


EXHIBIT "A"

2019 N. Rand Road

That part of Section 2, Township 42 North, Range 10 East of the Third Principal Meridian, described as follows: Beginning at the intersection of the East and West quarter line of said Section with the centerline of Rand Road, said intersection being 1514.39 feet West of the East line of said section measured on the said East and West 1/4 line; thence Northwesterly along the centerline of Rand Road, said center forming an angle of 47 degrees 00 minutes 30 seconds with the East and West 1/4 line of said Section and a distance of 45.08 feet to the point of beginning; thence Northwesterly along the center line of Rand Road, 100.00 feet; thence Northeasterly at right angles to Rand Road, 624.72 feet; thence Southeasterly on a line that forms an angle of 52 degrees 35 minutes 30 seconds to the right with a prolongation of the last described course, for a distance of 125.89 feet; thence Southwesterly, 701.16 feet to the point of beginning, all in Cook County, Illinois.

Date of Sale: Monday, May 7, 2007
10:30 A.M. C.D.T.

Investment Rating:
Moody's Investors Service, Inc. . . . Aa2
(See page ii)



**FINAL
OFFICIAL STATEMENT
\$20,320,000**

**VILLAGE OF PALATINE
Cook County, Illinois**

GENERAL OBLIGATION BONDS, SERIES 2007
\$3,100,000 General Obligation Bonds, Series 2007A, 2007C and 2007E
\$17,220,000 General Obligation Bonds, Taxable Series 2007B and 2007D

BOND DETAILS

Callable Fully Registered Bonds issued under the Global Book Entry System (The Depository Trust Company will act as securities depository) . . . Dated May 15, 2007. . . Due Serially as shown on page (i) . . . Denomination multiples of \$5,000. The record date shall be the 15th day of the calendar month next preceding an interest payment date. Principal payable at Wells Fargo Bank, N.A., Chicago, Illinois which is Bond Registrar and Paying Agent. Interest due December 1, 2007 and semi-annually thereafter payable by check or draft mailed by the Bond Registrar to the registered owners. Bonds of each Series due December 1, 2008-2017, inclusive, are not callable in advance of maturity. Bonds of each Series due December 1, 2018-2026 are callable in whole or in part and, if in part, in such order of maturity as determined by the Village and within a maturity by lot beginning December 1, 2017 and any date thereafter at par plus accrued interest to the date of redemption. Notice of such redemption shall be given once not less than 30 days nor more than 60 days prior to the date of redemption by first class mail to the registered holders thereof.

[Maturities, Coupon Rates, Reoffering Yields and CUSIP Numbers (See Page i)]

Principal of and interest on the \$3,100,000 General Obligation Bonds, Series 2007A, 2007C and 2007E when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Financial Security Assurance Inc. [See Appendix D].



Principal and interest of the \$17,220,000 General Obligation Bonds, Taxable Series 2007B and Series 2007D when due are guaranteed by a financial guaranty insurance policy issued by CIFG Assurance North America, Inc. [See Appendix E].



PURPOSE, SECURITY AND LEGALITY

These Bonds have been authorized without referendum pursuant to the Village's powers as a home-rule unit under the 1970 Illinois Constitution. Proceeds of the Bonds will be used for improvements and land acquisition in the Village's Downtown and Rand Corridor tax increment financing redevelopment areas and for improvement of the water utility system by the acquisition and installation of a SCADA control system. See "This Issue" herein.

These Bonds, in the opinion of bond counsel, Katten Muchin Rosenman LLP, Chicago, Illinois, will constitute valid and legally binding general obligations of the Village of Palatine, Illinois, payable both as to principal and interest from ad valorem taxes levied against all taxable property therein, without limitation as to rate or amount. The Village will furnish the written approving opinions of said bond attorneys evidencing legality of the Bonds. See Appendices B and C for the Forms of Opinion of Bond Counsel.

The delivery of the Series 2007A, 2007C, and 2007E (Tax-Exempt) Bonds is subject to the opinion of Katten Muchin Rosenman LLP, Bond Counsel, to the effect that under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for federal income tax purposes and that, assuming continuing compliance with the applicable requirements of the Internal Revenue Code of 1986, interest on the Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income, but must be taken into account as earnings and profits of a corporation when computing, for example, corporate minimum taxable income for purposes of the corporate alternative minimum tax. See "TAX EXEMPTION" herein. Interest on the Bonds is not exempt from present Illinois income taxes.

Interest on the Series 2007B and D (Taxable) Bonds is not exempt from Federal or Illinois income taxes. For additional information on the Village's covenant regarding continuing disclosure for secondary market purposes pursuant to S.E.C. Rule 15c2-12, see page 14.

AUTHORIZATION

This Final Official Statement has been prepared under the authority of the Mayor and Village Council of the Village of Palatine, Cook County, Illinois by Crowe Chizek and Company LLC, Municipal/Public Finance Consultants, and is authorized for distribution to HARRIS N.A. and Associates the underwriters of the Series 2007A, 2007C and 2007E Bonds, and BB & T CAPITAL MARKETS, the underwriter of the Series 2007B and Series 2007D Bonds. The information herein has been compiled from sources believed to be reliable, but is not guaranteed. As far as any statements herein involve matters of opinion, whether or not so stated, they are intended as opinion and not representations of fact. This Final Official Statement is dated May 7, 2007.

\$3,100,000 GENERAL OBLIGATION BONDS, SERIES 2007A, 2007C AND 2007E

\$365,000 Series 2007A

<u>Due</u> <u>12/1</u>	<u>Amount</u>	<u>Coupon</u> <u>Rate</u>	<u>Reoffering</u> <u>Yield</u>	<u>CUSIP Base</u> <u>696089</u>
2015 ..	\$ 100,000	4.00%	3.88%	RP 8
2016 ..	100,000	4.00%	3.93%	RQ 6
2017 ..	<u>165,000</u>	4.00%	3.96%	RR 4
	\$ 365,000			

\$1,215,000 Series 2007C

<u>Due</u> <u>12/1</u>	<u>Amount</u>	<u>Coupon</u> <u>Rate</u>	<u>Reoffering</u> <u>Yield</u>	<u>CUSIP Base</u> <u>696089</u>	<u>Due</u> <u>12/1</u>	<u>Amount</u>	<u>Coupon</u> <u>Rate</u>	<u>Reoffering</u> <u>Yield</u>	<u>CUSIP Base</u> <u>696089</u>
2010	\$ 100,000	4.00%	3.70%	SH 5	2016	\$ 100,000	4.00%	3.93%	SP 7
2011	100,000	4.00%	3.70%	SJ 1	2017	100,000	4.00%	3.96%	SQ 5
2012	100,000	4.00%	3.73%	SK 8	2018	100,000	4.00%	4.01%	SR 3
2013	100,000	4.00%	3.76%	SL 6	2019	100,000	4.00%	4.08%	SS 1
2014	100,000	4.00%	3.81%	SM 4	2020	100,000	4.25%	4.13%	ST 9
2015	100,000	4.00%	3.88%	SN 2	2021	<u>115,000</u>	4.25%	4.17%	SU 6
						\$1,215,000			

\$1,520,000 Series 2007E

<u>Due</u> <u>12/1</u>	<u>Amount</u>	<u>Coupon</u> <u>Rate</u>	<u>Reoffering</u> <u>Yield</u>	<u>CUSIP Base</u> <u>696089</u>	<u>Due</u> <u>12/1</u>	<u>Amount</u>	<u>Coupon</u> <u>Rate</u>	<u>Reoffering</u> <u>Yield</u>	<u>CUSIP Base</u> <u>696089</u>
2008	\$ 130,000	4.00%	3.68%	TP 6	2013	\$ 155,000	4.00%	3.76%	TU 5
2009	130,000	4.00%	3.69%	TQ 4	2014	160,000	4.00%	3.81%	TV 3
2010	135,000	4.00%	3.70%	TR 2	2015	165,000	4.00%	3.88%	TW 1
2011	145,000	4.00%	3.70%	TS 0	2016	170,000	4.00%	3.93%	TX 9
2012	150,000	4.00%	3.73%	TT 8	2017	<u>180,000</u>	4.00%	3.96%	TY 7
						\$1,520,000			

\$17,220,000 GENERAL OBLIGATION BONDS, TAXABLE SERIES 2007B AND 2007D

\$7,335,000 Series 2007B

<u>Due</u> <u>12/1</u>	<u>Amount</u>	<u>Coupon</u> <u>Rate</u>	<u>Reoffering</u> <u>Yield</u>	<u>CUSIP Base</u> <u>696089</u>	<u>Due</u> <u>12/1</u>	<u>Amount</u>	<u>Coupon</u> <u>Rate</u>	<u>Reoffering</u> <u>Yield</u>	<u>CUSIP Base</u> <u>696089</u>
2008	\$ 340,000	5.20%	5.18%	RS 2	2015	\$ 475,000	5.20%	5.220%	RZ 6
2009	355,000	5.20%	5.04%	RT 0	2016	500,000	5.20%	5.230%	SA 0
2010	375,000	5.20%	5.05%	RU 7	***	***	***	***	***
2011	390,000	5.20%	5.09%	RV 5	2019*	1,665,000	5.25%	5.316%	SD 4
2012	410,000	5.20%	5.10%	RW 3	***	***	***	***	***
2013	430,000	5.20%	5.12%	RX 1	2022*	<u>1,940,000</u>	5.40%	5.496%	SG 7
2014	455,000	5.20%	5.19%	RY 9		\$7,335,000			

* Represents term bonds due December 1, 2019 and 2022 and are subject to mandatory redemption on December 1 of the years as follows: 2019: \$525,000 in 2017 and \$555,000 in 2018; 2022: \$615,000 in 2020 and \$645,000 in 2021.

\$9,885,000 Series 2007D

<u>Due</u> <u>12/1</u>	<u>Amount</u>	<u>Coupon</u> <u>Rate</u>	<u>Reoffering</u> <u>Yield</u>	<u>CUSIP Base</u> <u>696089</u>	<u>Due</u> <u>12/1</u>	<u>Amount</u>	<u>Coupon</u> <u>Rate</u>	<u>Reoffering</u> <u>Yield</u>	<u>CUSIP Base</u> <u>696089</u>
2009	\$ 350,000	5.20%	5.040%	SV 4	2016	\$ 490,000	5.20%	5.230%	TC 5
2010	365,000	5.20%	5.050%	SW 2	***	***	***	***	***
2011	385,000	5.20%	5.090%	SX 0	2019*	1,625,000	5.25%	5.316%	TF 8
2012	400,000	5.20%	5.100%	SY 8	***	***	***	***	***
2013	425,000	5.20%	5.120%	SZ 5	2022*	1,895,000	5.40%	5.496%	TJ 0
2014	445,000	5.20%	5.190%	TA 9	***	***	***	***	***
2015	465,000	5.20%	5.220%	TB 7	2026*	<u>3,040,000</u>	5.60%	5.600%	TN 1
						\$9,885,000			

* Represents term bonds due December 1 of the years 2019, 2022 and 2026 and are subject to mandatory redemption on December 1 of the years as follows: 2019: \$515,000 in 2017; \$540,000 in 2018; 2022: \$600,000 in 2020 and \$630,000 in 2021; 2026: \$700,000 in 2023, \$740,000 in 2024 and \$780,000 in 2025.

BOND RATING

In connection with the sale of the Bonds, the Village applied to Moody's Investors Service ("Moody's") for a rating. On May 2, 2007, Moody's affirmed its Aa2 rating of the Village's General Obligation Bonds, including the Series 2007A-E Bonds. An explanation of such rating may be obtained from Moody's. The rating reflects only the view of Moody's and the Village makes no representation as to the appropriateness of such rating.

There is no assurance that the Moody's rating of the Village's Bonds will continue for any period of time or that it will not be revised upward or downward or withdrawn entirely by Moody's if, in the judgment of Moody's, circumstances so warrant. Any such revision or withdrawal of the rating may have an effect on the market price of the Bonds.

The Village did not apply to any other rating agency for a rating on these Bonds.

INSURANCE RATINGS

In connection with the Village of Palatine, Cook County, Illinois, \$3,100,000 GENERAL OBLIGATION BONDS, SERIES 2007A, SERIES 2007C and SERIES 2007E, the Moody's Investors Service, Inc. "Aaa" rating of the claims paying ability of Financial Security Assurance Inc. ("FSA") is applicable. Harris N.A., has chosen not to purchase the "AAA" ratings of FitchRatings or Standard & Poor's.

In connection with the Village of Palatine, Cook County, Illinois, \$17,220,000 GENERAL OBLIGATION BONDS, TAXABLE SERIES 2007B and SERIES 2007D, the Moody's Investors Service, Inc. "Aaa" rating of the claims paying ability of CIFG Assurance North America, Inc. ("CIFG") is applicable. BB & T Capital Markets has chosen not to purchase the "AAA" ratings of FitchRatings or Standard & Poor's.

Table of Contents

COVER PAGE	
BOND DETAILS	1
MATURITIES – DECEMBER 1	1
PURPOSE, SECURITY, LEGALITY	1
AUTHORIZATION	1
ELECTED OFFICIALS	3
APPOINTED OFFICIALS	3
GENERAL INFORMATION	3
2000 CENSUS – MEDIAN HOME VALUE	4
2000 EMPLOYED PERSONS BY OCCUPATIONAL CATEGORY	4
2000 EMPLOYED WORKERS BY INDUSTRY	4
LARGEST EMPLOYERS	4
BUILDING PERMIT ACTIVITY	5
UNEMPLOYMENT RATES – CIVILIAN LABOR FORCE	5
COMMERCIAL DEVELOPMENT	5
VILLAGE GOVERNMENT	5
VILLAGE WATER AND SEWER SYSTEM	6
THE CAPITAL IMPROVEMENT PROGRAM	6
HOME RULE AND VILLAGE FINANCES	6
PENSION FUND OBLIGATIONS	7
THIS ISSUE	7
LITIGATION	7
SCHOOLS AND OTHER GOVERNMENTAL SERVICES	7
FINANCIAL INFORMATION	7
STATEMENT OF INDEBTEDNESS	7
RETIREMENT SCHEDULE OF OUTSTANDING VILLAGE GENERAL OBLIGATION DEBT	8
BONDED DEBT RATIOS AND PER CAPITA DEBT – LAST TEN GENERAL OBLIGATION BOND SALES	8
DETAILED OVERLAPPING BONDED INDEBTEDNESS	8
EQUALIZED ASSESSED VALUATION FOR TAXING PURPOSES	9
TAX RATES PER \$100 EQUALIZED ASSESSED VALUATION	9
TAX EXTENSIONS AND COLLECTIONS	9
TEN LARGEST TAXPAYERS	9
FINANCIAL STATEMENTS	10
GENERAL FUND	10
COMBINED STATEMENT – ALL FUNDS	11
CAPITAL ASSETS AT DECEMBER 31, 2005	12
EXEMPTIONS FROM EQUALIZED ASSESSED VALUATION FOR TAXING PURPOSES	12
GLOBAL BOOK-ENTRY SYSTEM	13
CONTINUING DISCLOSURE	14
DEFEASANCE	14
CERTAIN LEGAL MATTERS	15
OFFICIAL STATEMENT CERTIFICATION	15
APPENDIX A – TAX EXEMPTION	A-1
APPENDIX B – PROPOSED FORM OF OPINION OF BOND COUNSEL (SERIES 2007A, 2007C AND 2007E)	B-1
APPENDIX C – PROPOSED FORM OF OPINION OF BOND COUNSEL (SERIES 2007B AND 2007D)	C-1
APPENDIX D – BOND INSURANCE INFORMATION (SERIES 2007A, 2007C AND 2007E)	D-1
APPENDIX E – BOND INSURANCE INFORMATION (SERIES 2007B AND 2007D)	E-1

VILLAGE OF PALATINE

Cook County, Illinois

ELECTED OFFICIALS

Rita L. Mullins
Mayor

COUNCIL

Brad Helms
Michael E. Jezierski
Gregory J. Solberg

Margaret R. Duer
Village Clerk

Daniel A. Varroney
Jack Wagner
Jim Wilson

APPOINTED OFFICIALS

Reid T. Ottesen
Village Manager

Robert C. Kenny
Village Attorney

Thomas D. Coy
Treasurer

Paul D. Mehring
Finance Director

GENERAL INFORMATION

The Village of Palatine is located in northwestern Cook County 31 miles from downtown Chicago. Its immediate neighbors include the Village of Arlington Heights on the east, portions of the City of Rolling Meadows and the Village of Schaumburg on the south, Deer Park on the north, and a portion of the Village of Inverness on the west.

Incorporated in 1866, the Village grew around the Illinois and Wisconsin Railroad (now the Chicago and North Western Railway) depot. Lelsurely population growth occurred up to 1950 when the Census recorded 4,079 residents within a land area of approximately two square miles. A variety of factors contributed to the acceleration of the Village's growth in the 1950's including: the opening of the nearby Northwest Route of the Illinois Tollroad and O'Hare International Airport both of which opened in the mid-1950's; the significant upgrading of commuter rail service by the Chicago and North Western Railway through its use of bi-level air conditioned trains; the annexation to the Metropolitan Water Reclamation District of Greater Chicago relieving the Village of sewage treatment responsibilities; and, the annexation to the Village of large tracts of land by major residential developers. The 1960 Census recorded the Village's population at 11,504 within the 3.2 square mile corporate limits.

Growth in area and population continued through the 1960's with the 1970 Census reporting that population had increased by 14,400 to 25,904 within the then 6.5 square mile land area. During the 1970's growth continued albeit at a slower pace. The 1980 Census recorded a population of 32,166 up 23.5% from 1970's 25,904 and an almost two square mile increase in the Village's size to 8.4 square miles. At the 1990 Census, the Village's population was 39,655, up 23.3% for the decade; the land area of the Village was 10 square miles. At the 2000 Census, the Village's population was 65,479. As of January 1, 2003, the Census certified the Village's population at 65,920, which reflects annexations since the 2000 Census. The Village's land area is 13.11 square miles.

The table below sets out Illinois' ten wealthiest communities with at least 50,000 population at the 2000 Census in descending order of median family income. The Village of Palatine's 2000 median family income was \$76,270, ranking it 7th of the 27 Illinois municipalities with at least 50,000 population. The Village's 2000 median family income was 37.3% greater than the State's \$55,545 and 53.8% greater than the \$49,600 recorded for the United States. In addition, only 3.5% of families in the Village had incomes below the poverty level, compared to 7.8% for the State.

ILLINOIS' TEN WEALTHIEST COMMUNITIES WITH 50,000 PLUS POPULATION
AT THE 2000 CENSUS (Note 1)
(Listed in Descending Order of Median Family Income)

Rank	Municipality/County	Population		2000 Median Family Income		2000 Per Capita Income		2000 Families Below Poverty
		2000 Census	Increase 1990-2000	Amount	Percent of U.S. Median	Amount	Percent of U.S. Median	
1	Naperville, DuPage/Will	128,300	+50.4%	\$101,590	204.8%	\$35,551	163.9%	1.6%
2	Wheaton, DuPage	55,439	+7.7%	90,475	182.4%	34,147	157.4%	2.4%
3	Arlington Heights, Cook	76,098	+8%	84,488	170.3%	33,544	154.7%	1.6%
4	Oak Park, Cook	52,524	-2.1%	81,703	164.7%	36,340	167.5%	3.6%
5	Evanston, Cook	74,239	+1.4%	78,886	159.0%	33,645	155.2%	5.1%
6	Orland Park, Cook	51,103	+43.0%	77,507	156.3%	30,467	140.5%	2.1%
7	Palatine, Cook	65,156(2)	+66.8%	76,270	153.8%	30,661	141.4%	3.5%
8	Hoffman Estates, Cook/Kane	50,352	+8.1%	73,686	148.6%	26,669	123.0%	3.4%
9	Schaumburg, Cook/DuPage	74,511	+9.9%	72,631	146.4%	30,587	141.0%	2.0%
10	Bolingbrook, Will/DuPage	56,454	+37.9%	71,527	144.2%	23,468	108.2%	2.9%
	State of Illinois	12,419,293	+8.6%	\$ 55,545	112.0%	\$23,104	108.5%	7.8%
	United States	284,421,906	+14.3%	49,600	100.0%	21,690	100.0%	9.6%

Notes: 1. At the 2000 Census, 27 Illinois municipalities had populations in excess of 50,000.

2. The U.S. Census Bureau on September 23, 2003 revised the Village's April 1, 2000 population count to 65,920 to reflect boundary updates reported to the U.S. Census Bureau.

The 2000 Census reported that the Village's Median Home Value was \$199,200, which was 52.3% greater than Illinois' \$130,800. The table below compares the Village's 2000 Median Home Value by value groupings with those applicable for Cook County, the State's 101 other counties and the State as a whole. With the Statewide median home

valued at \$130,800 it can be seen that over 78.4% of the homes in the Village were valued in excess of the Statewide median. The 2000 median rental in the Village was reported at \$884 or 46.1% greater than the Statewide \$605.

2000 CENSUS—MEDIAN HOME VALUE

	Village of	State of Illinois		
	Palatine	Cook County	101 Other Counties	Total
Median Home Value*	\$199,200	\$157,700	\$ N.A.	\$ 130,800
Number of Single Family Homes*	13,965	816,532	1,653,806	2,470,338
Percent of Homes Valued:				
Under \$100,000	3.0%	19.2%	43.8%	35.7%
\$100,000-\$149,999	18.6%	26.8%	22.1%	23.6%
\$150,000-\$199,999	28.9%	22.5%	14.8%	17.4%
\$200,000-\$299,999	30.8%	18.1%	11.9%	13.9%
\$300,000 or more	18.7%	13.4%	7.4%	9.4%
Total	100.0%	100.0%	100.0%	100.0%

* Owner occupied condominium and non-condominium units.

Supporting these relative wealth statistics was employment data reported in the 2000 Census. As will be noted in the table below, the Village's 43.7% of its work force employed in "Management, Professional and Related" occupational categories compared very favorably to the 34.2% for the State as a whole and the 35.2% reported for Cook County. Employment in the "Production, Transportation and Material Moving" occupation category was reported at 10.0% for the Village versus 15.7% for the State and 14.4% for the Chicago PMSA.

2000 EMPLOYED PERSONS BY OCCUPATIONAL CATEGORY

Occupational Category	Palatine— Employed Persons		Percent Total Employees		
	Number	Percent Total	Cook County	Chicago PMSA*	State of Illinois
Management, Professional and Related	16,154	43.7%	35.2%	36.4%	34.2%
Sales and Office	11,062	30.0%	28.5%	28.6%	27.6%
Service	3,871	10.5%	14.0%	12.9%	14.0%
Production, Transportation and Mat'l Moving	3,685	10.0%	15.1%	14.4%	15.7%
Construction, Extraction and Maintenance	2,104	5.7%	7.1%	7.6%	8.2%
Farming, Fishing and Forestry	35	0.1%	0.1%	0.1%	0.3%
Total	36,911	100.0%	100.0%	100.0%	100.0%

* Chicago PMSA includes nine counties: Cook, DuPage, Kane, Lake, McHenry, Will, DeKalb, Kendall and Grundy counties.

As shown in the table "2000 Employed Persons by Industry" below, the Village has a relatively high percentage of its workforce employed in "Manufacturing" (17.5% for the Village compared to 15.4% for the Chicago MSA) and "Wholesale and Retail Trade" (17.2% for the Village compared to 14.9% for the Chicago MSA). As indicated in the previous table, a large percentage of the Village's employed persons are managers in their respective industries.

2000 EMPLOYED WORKERS BY INDUSTRY (Source: 2000 Census)

Industry	Palatine Employed Persons		Percent of Total Employees		
	Number	Percent Total	Cook County	Chicago PMSA*	State of Illinois
Manufacturing	6,472	17.5%	14.1%	15.4%	16.0%
Wholesale & Retail Trade	6,355	17.2%	13.9%	14.9%	14.9%
Education, Health & Social Services	5,686	15.4%	18.8%	18.0%	19.4%
Professional, Scientific, Mgmt., Administrative & Waste Mgmt.	4,631	12.5%	12.7%	12.2%	10.1%
Finance, Insurance, Real Estate & Rental Leasing	3,765	10.2%	9.1%	8.9%	7.9%
Arts, Entertainment, Recreation, Accommodation & Food Service	2,405	6.5%	7.7%	7.0%	7.2%
Transportation, Warehousing & Utilities	1,980	5.4%	6.7%	6.2%	6.0%
Construction	1,932	5.2%	4.9%	5.6%	5.7%
Information	1,511	4.1%	3.4%	3.4%	3.0%
Public Administration	674	1.8%	3.9%	3.4%	4.0%
All Other	1,500	4.1%	5.1%	4.9%	5.9%
Total	36,911	100.0%	100.0%	100.0%	100.0%

* Chicago PMSA includes nine counties: Cook, DuPage, Kane, Lake, McHenry, Will, DeKalb, Kendall and Grundy counties.

The table below contains a listing of the largest employers in the Village based upon an April 2007 telephone canvass. The institutional nature of the largest employers should be noted.

LARGEST EMPLOYERS (Within Palatine Village Limits)

Rank	Employer	Business/Service	No. Of Employees(1)
1	United Parcel Service	Package Delivery Service-Hub Facility	2,000
2	United States Postal Service	Mail Processing Facility	1,610
3	Palatine Comm. Consol. S.D. No. 15	Elementary School District	1,200(2)
4	Township High S.D. No. 211	High School District	927(3)
5	Harper Community College No. 512	Community College Campus	834(4)
6	Village of Palatine	Municipal Government	363
7	Arlington Plating	Job Shop Electroplater	135
8	The Intec Group Incorporated	Plastic Injection Molders	80

Notes: 1. From a telephone canvass conducted in April 2007. Excludes large retail employers, such as Target, Dominick's (2 stores), Jewel (2 stores), Whole Foods, Home Depot, Wal-Mart, Staples, Michael's, Menard's, and Linens and Things. Also excludes Weber Stephen Products Company (manufacturer of Weber Grills/Corporate Headquarters) and Square D Company (Corporate Headquarters) which do not disclose employment information.

2. Represents the employment at the District's administrative offices and the 11 schools located in Palatine (the District has a total of 19 schools).

3. Represents the employment at the District's administrative offices and the two schools in Palatine (the District has a total of 5 schools and is the largest high school district in the State).
4. Excludes student aides, part-time temporary employees and part-time instructors.

The following table sets out the Building Permit Activity in the Village since 2000.

BUILDING PERMIT ACTIVITY (Note 1)

Calendar Years	New Residential						All Other Value(2)	Total Value
	Single Family			Multiple Family				
	No.	Value	Average	No.	Value			
	Units		Value	Units				
2000	107	\$20,552,975	\$192,084	26	\$14,452,650	\$25,920,225	\$60,925,850	
2001	98	20,009,857	204,182	160	16,098,293	50,365,961	86,474,111	
2002	126	44,266,755	351,323	281	28,625,286	34,640,957	107,532,998	
2003	113	23,300,509	206,199	118	17,029,345	40,319,655	80,649,509	
2004	55	15,768,970	286,709	36	20,011,375	93,141,740	128,922,085	
2005	80	18,546,230	231,828	29	17,732,285	58,587,850	94,866,365	
2006	63	17,345,680	275,328	15	11,365,480	60,464,985	89,176,145	

- Notes: 1. Summarized from Village records. Values for new residential building reflect the cost of construction only—not land or builder's profit.
2. Includes additions/remodeling of existing single family and multiple family residences, additions/remodeling of commercial and industrial buildings, additions/remodeling of public buildings, and other miscellaneous building permits.

The table below compares the Village's average unemployment rate to that of Cook County, the State and the United States for each year since 2001.

UNEMPLOYMENT RATES—Civilian Labor Force (Note)

Source: U.S. Department of Labor and Illinois Department of Employment Security

	Annual Average					
	2001	2002	2003	2004	2005	2006
Village of Palatine	5.1%	6.8%	6.0%	4.9%	4.5%	3.3%
Cook County	5.9%	7.3%	7.4%	6.8%	6.5%	4.7%
State of Illinois	5.4%	6.5%	6.7%	6.2%	5.7%	4.5%
United States	4.8%	5.8%	6.0%	5.5%	5.1%	4.6%

Note: By place of residence, not place of work.

Commercial Development

During 1995-1997, the Village created two tax increment financing (TIF) districts to encourage development within the Rand-Dundee commercial corridors. Redevelopment Project Number 1, created in 1995, consists of approximately 40 acres and includes the Deer Grove Shopping Center, Northwest Shopping Center, and the Walgreen's Shopping Center. The major stores within the Deer Grove Center include Target, Staples, Michael's, Dominick's, Linens N' Things, and a variety of smaller stores. The tenants within the Northwest Shopping Center include a Jewel grocery store and a variety of smaller stores. The Walgreen's Center contains a free-standing Walgreen's store and a separate 12,000 square foot multi-tenant commercial building. Redevelopment Project Number 2 (Deer Grove Crossing), created in 1997, consists of 16 acres and includes a Home Depot and several other small tenants. In 1998, the Village combined the two redevelopment areas, which are contiguous, and issued TIF bonds to refinance bonds issued in 1995, 1996 and 1997 to finance the redevelopment projects. The Village estimates that these two redevelopment areas are generating over \$1 Million in new sales tax revenue.

In 1999, a third tax increment financing district was created to promote redevelopment of a 40-square block area within downtown Palatine. Proceeds of the Village's \$14,565,000 Series 2001 and \$3,205,000 Taxable Series 2001 (after costs of issuance and capitalized interest), together with a \$1 million state grant were used to construct a 1,244 space parking deck and various other infrastructure improvements within the downtown TIF. The parking deck was completed in October 2002. A 100,000-square foot office building was completed in the downtown area in December 2002. Other recent development projects include a 21,000 square foot restaurant and music venue (Dutty Nellies), a 20,000 square foot brew-pub, and 20,000 square feet of offices. In addition, one mixed-use development is nearing completion (which contains 109 condominium units and 18,500 square feet of retail) while another mixed-use development (which will contain 101 condominium units and 11,500 square feet of retail) just received final approval and is scheduled to start construction in the summer of 2007. Since the adoption of the TIF district redevelopment projects have resulted in over 1,000 new residential units and over 250,000 square feet of office/commercial space within downtown Palatine.

In 2003, the Village created the Rand Road Corridor TIF District. Wal-Mart opened a 120,000 square foot store in September, 2004. A 26,000 square foot retail development was completed in 2005 which contains a variety of restaurant and retail uses. In 2005, the remodeling and expansion of an existing shopping center resulted in a new 39,000 square foot grocery store and an additional 20,000 square feet of retail space. Smaller development projects have included the conversion of an old automotive repair facility into a new flooring store, as well as the construction of a new Advanced Auto (auto parts) store. Panda Express recently opened a new restaurant and White Castle has obtained approval to construct a new drive-thru restaurant.

VILLAGE GOVERNMENT

The Village of Palatine operates under the Council-Manager form of government with legislative authority vested in the Mayor (elected at-large for a four year term) and Council of six members (elected to overlapping four year terms from districts). The appointed Village Manager is responsible for the administration of policy set by the governing body, the day-to-day operation of the Village and the administration of the Village's 363 full-time employees and 53 part-time or seasonal employees. The Village bargains with two collective bargaining units: police (100 employees; 3-year contract

expires December 31, 2007) and public works (42 employees; 3-year contract expired December 31, 2006, new contract being negotiated).

National recognition was received by the Police Department in 1986 when the Commission on Accreditation for Law Enforcement Agencies in the United States and Canada accredited the Department—the 2nd department so accredited in Illinois (out of 1,011 departments) and the 35th so accredited in the United States and Canada out of 19,180 departments/agencies. The department was last re-accredited in December 2004. Accreditation signifies that the Department's operations and procedures are "State-of-the-Art". Excellence of the operations of the 97-member fire department (more than 80% of whom are certified paramedics) and the water supply and distribution system is evidenced by the Village's very high Class 3 fire insurance rating which rating is bettered by only 23 of the 2,050 fire department/protection district ratings in the State of Illinois. The Village has five modern fire stations. Pursuant to referendum approval, the Village has instituted an enhanced 911 emergency dispatch system. The Village established one of the first paramedic programs in the United States in 1972.

The Village has successfully used cooperative intergovernmental relationships to minimize the cost of providing services. In 1985, the Village and the Villages of Arlington Heights, Buffalo Grove and Wheeling began receiving Lake Michigan water from the Northwest Water Commission (a municipal corporation) which they collectively formed several years earlier for the express purpose of obtaining Lake Michigan water to replace their ground water sources. The Commission purchases water from the City of Evanston (approximately 17 miles east at Lake Michigan) under a long-term automatically renewable contract. The Village is one of the 26 members of the Solid Waste Agency of Northern Cook County. The Village is a member of the Intergovernmental Risk Management Agency (IRMA) which is a proprietary venture established to manage and fund claims for its 73 member municipalities. The Village is a member of the Northwest Municipal Conference (48 governmental bodies) which provides certain purchasing and planning economies.

The Village has a modern complement of buildings. In 1978, the Village and the Palatine Park District (a separate municipal corporation) acquired the 12.1-acre site of the former Palatine High School. The three story high school building had a gymnasium and an auditorium and the site contained athletic fields, parking, etc. The Village and the Park District independently remodeled/renovated their spaces with the Village's 61,540 square feet for the police department and administrative offices—each governmental body has sufficient space for the foreseeable future. A portion of the proceeds of the Series 1997 issue funded improvements to Village administrative offices at Village Hall. The Village and the Park District jointly constructed a \$7.2 Million Public Works/Park District Combined Service Building in 1990.

Village Water and Sewer System

The Village operates a water distribution system (as noted above, Lake Michigan water is provided by the Northwest Water Commission) and a sewage collection system (treatment is the responsibility of the Metropolitan Water Reclamation District). The Village maintains 200 miles of water main and has 21.5 million gallons of storage. The Village maintains 200 miles of sewer lines.

The Capital Improvement Program

The Village's 2007-2011 Capital Improvement Program ("CIP") totaling \$48,465,435 is set out below.

2007-2011 CAPITAL IMPROVEMENTS PROGRAM SUMMARY

Project Cost Category:	2007	2008	2009	2010	2011	Total	
						Amount	Percent
Public Works	\$ 6,040,185	\$5,482,700	\$ 5,201,000	\$ 5,238,800	\$5,066,500	\$27,029,185	55.8%
Engineering	3,253,000	2,769,000	2,947,000	3,897,000	2,403,000	15,269,000	31.5%
Fire	2,022,250	350,000	625,000	725,000	575,000	4,297,250	8.9%
Information Systems	270,000	240,000	370,000	245,000	195,000	1,320,000	2.7%
All Other	- 0 -	550,000	- 0 -	- 0 -	- 0 -	550,000	1.1%
Total	<u>\$11,585,435</u>	<u>\$9,391,700</u>	<u>\$9,143,000</u>	<u>\$10,105,800</u>	<u>\$8,239,500</u>	<u>\$48,465,435</u>	<u>100.0%</u>
Project Funding Category:							
Capital Improvement Fund	\$3,778,550	\$1,915,400	\$2,418,500	\$ 3,345,300	\$1,966,000	\$13,423,750	27.7%
Waterworks Fund	4,047,000	2,685,000	1,995,000	2,221,000	2,803,000	13,731,000	28.3%
Motor Fuel Tax Fund	1,897,500	2,061,800	2,168,500	2,035,000	2,200,000	10,362,800	21.4%
Capital Equipment Fund	1,396,385	2,389,500	2,086,000	2,209,500	1,210,500	9,291,885	19.2%
All Other	466,000	360,000	475,000	295,000	60,000	1,656,000	3.4%
Total	<u>\$11,585,435</u>	<u>\$9,391,700</u>	<u>\$9,143,000</u>	<u>\$10,105,800</u>	<u>\$8,239,500</u>	<u>\$48,465,435</u>	<u>100.0%</u>

Home Rule and Village Finances

Pursuant to its population being in excess of 25,000, the Village automatically became a home rule unit when the 1970 Illinois Constitution was adopted. As a home rule unit, the Village has no tax rate or debt limits, nor is it required to conduct a referendum to authorize the issuance of debt or to increase property taxes. The Village has never resorted to tax anticipation financing. The Village has not availed itself of the statutorily authorized 5% Utility Tax (on the bills of private electric, telephone and gas utilities), which it can by the simple adoption of an ordinance providing virtually immediate cash flow. The Village imposed an ambulance service fee on July 1, 2003. The Village adopted a ½% home rule sales tax in fiscal year 1993 and an additional ½% effective January 1, 2004. A 1% food and beverage tax was also effective as of January 1, 2004.

Financial planning in the Village is excellent. The Village received the Certificate of Achievement for Excellence in Financial Reporting from the GFOA for fiscal years 1986 through 1997 the last full year using April 30 as year end. Due to the Village's change in its fiscal year from April 30 to December 31 the Village chose not to submit for a 1998 Certificate. The Village's 1999-2005 Comprehensive Annual Financial Reports received the Certificate. The significance of the GFOA's award is emphasized by their statement . . . "The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting, and its attainment represents a significant accomplishment by a government and its management". At the time of adoption of the Annual Budget, the Village also approves the five year plan to evaluate trends and projections resulting from the proposed budget and the five year Capital Improvement Program.

Pension Fund Obligations

The Village is required by State law to annually provide funds sufficient to accumulate the actuarial requirements of its pension fund obligations. The amounts necessary to fund the Police and Fire Pension obligations are determined annually by an outside actuarial service. As of December 31, 2006, there was an unfunded actuarial accrued liability ("AAL") of \$4,206,731 (91.20% funded) in the Firefighters' Pension Fund and an unfunded AAL of \$10,297,992 (78.44% funded) in the Police Pension Fund. Illinois law requires any unfunded amounts to be funded over a 40 year period ending in 2033. All other full-time municipal employees are covered by the Illinois Municipal Retirement Fund (IMRF). As of December 31, 2005, there was an unfunded AAL of \$4,363,416 (79.12% funded). The IMRF annually determines the contribution rate necessary to provide full funding of the unfunded prior service costs, including interest, over a 40 year period. Pension tax rates are set out in the table of tax rates herein.

This Issue

These Bonds have been authorized without referendum pursuant to the Village's powers as a home-rule unit under the 1970 Illinois Constitution. Proceeds of the Series 2007A and 2007B Bonds will be used for improvements and land acquisition in the Village's Downtown tax increment financing redevelopment area. Additional improvements in the Downtown TIF development area may be undertaken by the Village in the next twelve months. Proceeds of the Series 2007C and 2007D Bonds will be used for improvements and land acquisition in the Rand Corridor tax increment financing development area. The Series 2007E proceeds will be used for improvement of the water utility system by the acquisition and installation of a SCADA control system.

LITIGATION

The Village reports no material litigation which would affect its ability to issue or pay these Series 2007 Bonds.

SCHOOLS AND OTHER GOVERNMENTAL SERVICES

The Village of Palatine is served by Palatine Community Consolidated School District No. 15 and Township High School District No. 211 serving Palatine and Schaumburg Townships. School District No. 15 serves a population of approximately 112,740 in the Village of Palatine, the neighboring City of Rolling Meadows, and surrounding areas with a total service area of 35.7 square miles. Township High School District No. 211 serves all of Schaumburg Township and approximately 88% (by valuation) of Palatine Township. The District operates five campuses, two of which are located in the Village of Palatine. William Rainey Harper College District 512, a public community college which serves a 200 square mile district, has its main campus in the Village of Palatine. The College opened in 1967 and completed building expansion programs in 1977, 1980 and 1992. In November 2000, voters approved an \$88.8 million referendum (bonds sold on February 22, 2001) for the construction of a 281,661 gross square foot structure to house instructional space for three areas: Science, Health Careers, and Emerging Technologies. Construction of these facilities was completed in 2004. An instructional conference center (50,000 square feet) and a performing arts center (38,000 square feet) were completed in summer 2002.

The major provider of open space and recreation programs is the Palatine Park District, which serves 94.2% of the Village (by valuation). Major facilities include an 18-hole championship golf course with clubhouse and pro shop, a recreation center, a community center, a 12 mile bike trail, an outdoor amphitheater, a 430-seat auditorium, horse stables, and an historical museum. The District also has a Family Aquatic Center with zero-depth pool, lap swimming area, and a separate plunge pool for two water slides. The Salt Creek Rural Park District, the other primary provider of recreation facilities in the Village, has a 100-acre flood control site known as the Twin Lake Recreation Area which includes a 9-hole executive par 3 golf course and driving range and a passive area with paddleboats, bicycle paths, fishing, etc. An 1,800 acre Cook County Forest Preserve is adjacent to the northwest portion of the Village. Library services are provided by the Palatine Public Library District which operates a main library in Palatine and a branch library in Hoffman Estates.

FINANCIAL INFORMATION

STATEMENT OF INDEBTEDNESS

	Amount Applicable as of May 1, 2007	As Per Cent of		Per Capita (2007 Est. Pop. 65,920)
		Assessed Value	Estimated True Value	
Assessed Valuation of Taxable Real Property, 2005	\$1,934,729,059 (3)	100.00%	33.33%	\$29,349.65
Estimated True Value of Taxable Real Property, 2005	5,804,187,177	300.00%	100.00%	88,048.96
Direct General Obligation Bonded Debt (1):				
Payable From Property Taxes	\$ 16,952,015	0.88%	0.29%	\$ 257.16
Self-Supporting Debt	71,176,044	3.68%	1.23%	1,079.73
Total Direct Bonded Debt	\$ 88,128,059	4.56%	1.52%	\$ 1,336.89
Overlapping Bonded Debt Payable from Property Taxes (2):				
Schools	\$ 40,403,064	2.09%	0.70%	\$ 612.91
Other than Schools	81,773,564	4.22%	1.41%	1,240.50
Total Overlapping Bonded Debt	\$ 122,176,628	6.31%	2.11%	\$ 1,853.41
Total Direct and Overlapping Bonded Debt	\$ 210,304,687	10.87%	3.63%	\$ 3,190.30
Total Direct and Overlapping Exclud. Self-Supporting	\$ 139,128,643	7.19%	2.40%	\$ 2,110.57

Notes: 1. The Village is a home-rule unit under the 1970 Illinois Constitution and as such has no debt limit nor is it required to seek referendum approval for the issuance of general obligation debt. See "Retirement Schedule of Outstanding Village General Obligation Debt" below for a listing of the Village's non-general obligation debt and currently outstanding general obligation debt.
2. See "Detailed Overlapping Bonded Indebtedness Payable From Property Taxes at May 1, 2007".
3. Includes the incremental valuation in the Village's tax increment financing districts.

RETIREMENT SCHEDULE OF OUTSTANDING VILLAGE GENERAL OBLIGATION DEBT
(As of May 1, 2007)

Due 12/1	Principal Maturities(1)							Total Maturities(2)	
	Pre Series 2000	Series 2000	Series 2000/01	Series 2002	Series 2003	Series 2004/05	Tax Exempt Series 2007	Taxable Series 2007	Amount Cumulative Percent
2007	\$ 650,000	\$1,760,000	\$ 810,000	\$ 385,000	\$ 947,416	\$1,955,000	\$ - 0 -	\$ - 0 -	\$ 6,507,416 7.4%
2008	265,000	1,850,000	1,135,000	400,000	985,939	1,910,000	130,000	340,000	6,995,939 15.3%
2009	275,000	1,950,000	1,490,000	415,000	1,009,582	625,000	130,000	705,000	6,599,582 22.8%
2010	275,000	2,055,000	1,510,000	430,000	1,033,350	545,000	235,000	740,000	6,823,350 30.6%
2011	280,000	2,165,000	1,570,000	450,000	1,102,249	560,000	245,000	775,000	7,147,249 38.7%
2012	590,000	- 0 -	2,140,000	470,000	1,131,281	2,415,000	250,000	810,000	7,806,281 47.5%
2013	435,000		2,250,000	490,000	350,452	1,890,000	255,000	855,000	6,525,452 54.9%
2014	627,473		2,355,000	510,000	- 0 -	1,135,000	260,000	900,000	5,787,473 61.5%
2015	1,213,137		3,235,000	535,000		1,200,000	365,000	940,000	7,488,137 70.0%
2016	302,180		1,680,000	560,000		1,215,000	370,000	990,000	5,317,180 76.0%
2017	- 0 -		- 0 -	585,000		1,285,000	445,000	1,040,000	3,355,000 79.8%
2018				610,000		1,150,000	100,000	1,095,000	2,955,000 83.2%
2019				840,000		1,195,000	100,000	1,155,000	3,090,000 86.7%
2020				675,000		1,265,000	100,000	1,215,000	3,255,000 90.4%
2021				705,000		610,000	115,000	1,275,000	2,705,000 93.5%
2022				740,000		645,000	- 0 -	1,345,000	2,730,000 96.6%
2023				- 0 -		- 0 -		700,000	700,000 97.3%
2024								740,000	740,000 98.2%
2025								780,000	780,000 99.1%
2026								820,000	820,000 100.0%
	\$4,912,790	\$9,780,000	\$18,375,000	\$8,600,000	\$6,540,269	\$19,600,000	\$3,100,000	\$17,220,000	\$88,128,059

Notes: 1. The Village is a home rule unit under the 1970 Illinois Constitution and as such has no debt limit, nor is it required to seek referendum approval for the issuance of general obligation debt. This table excludes \$16,050,000 principal outstanding (as of December 31, 2005) on tax increment financing bonds and notes secured only by incremental revenues generated by the district; various industrial revenue bonds which are fully secured by payments from the benefiting entities; and, special assessment bonds, which are secured by the levy of special assessments on property within the special assessment area. This table also excludes the Village's obligations as a member of the Solid Waste Agency of Cook County (SWANCC), a municipal joint action agency created to construct and equip a waste project to dispose of the municipal waste of its members.

2. The Village has chosen to fund certain projects with general obligation bonds and abate the taxes thereon from other sources. Of the Village's \$88,128,059 principal outstanding at May 1, 2007, the Village estimates that \$71,176,044 is self-supporting from non-property tax sources.

BONDED DEBT RATIOS AND PER CAPITA DEBT—LAST TEN GENERAL OBLIGATION BOND SALES

Village Issue Sale Date	Amount	Ratio to Estimated Actual Value(1)				Per Capita(1)			
		Direct Debt		Direct and Overlapping Debt		Direct and Overlapping Debt		Population Estimate	
		Including Self-Supporting	Excluding Self-Supporting(2)	Including Self-Supporting	Excluding Self-Supporting(2)	Including Self-Supporting	Excluding Self-Supporting(2)		
December 14, 1998 ...	\$ 6,915,000	1.42%	.95%	4.51%	4.04%	\$2,135.10	\$1,912.37	57,086	
November 8, 1999 ...	24,120,000(3)	1.36%	1.15%	4.28%	4.07%	2,062.69	1,963.65	62,000	
October 23, 2000 ...	9,380,000	1.40%	.98%	3.89%	3.47%	1,865.32	1,662.76	68,000	
June 25, 2001 ...	17,770,000	1.95%	.98%	4.88%	3.91%	2,430.17	1,948.43	65,479	
June 24, 2002 ...	10,000,000	2.10%	.89%	5.48%	4.27%	2,841.32	2,214.48	65,479	
December 18, 2002 ...	2,975,000	1.69%	.72%	4.58%	3.61%	2,861.13	2,255.66	65,479	
September 15, 2003 ...	4,625,000	1.61%	.69%	4.44%	3.52%	2,919.04	2,312.73	65,479	
February 17, 2004 ...	12,425,000	1.80%	.59%	4.30%	3.09%	2,898.00	2,086.20	65,920	
December 6, 2004 ...	8,395,000(4)	1.70%	.56%	4.33%	3.19%	2,962.33	2,182.95	65,920	
May 7, 2007 ...	20,320,000(5)	1.52%	.29%	3.63%	2.40%	3,190.30	2,110.57	65,920	

Notes: 1. Taken from applicable Official Statements.

2. Excludes the Village's general obligation debt which is payable from non-property tax revenues.

3. Final issue amount \$24,150,000.

4. Final issue amount \$8,200,000.

5. This issue.

**DETAILED OVERLAPPING BONDED INDEBTEDNESS
PAYABLE FROM PROPERTY TAXES AT MAY 1, 2007**

	Percent of Village's 2005 Real Property In Taxing Body	Gross Bonded Debt		Village's Applicable Share (Note 1) of Gross Debt to be Paid From Real Property Taxes	
		Percent	Amount	Percent	Amount
SCHOOL DISTRICTS:					
Palatine Community Consol. S.D. No. 15	100.0%	\$ 42,364,901	49.2%	\$20,836,753	
Township H.S. (Palatine and Schaumburg) No. 211	99.9%	61,255,000	22.2%	13,614,536	
Township H.S. No. 214	0.1%	12,078,195	0.2%	21,741	
Harper Community College	100.0%	65,860,000(2)	9.0%	5,930,934	
Total Schools				\$40,403,064	
OTHER THAN SCHOOL DISTRICTS:					
Cook County, Inc. Forest Preserve District	100.0%	\$3,130,980,000	1.4%	\$42,612,638	
Metropolitan Water Reclamation District	100.0%	1,521,282,085	1.4%	21,145,821	
Park Districts:					
Palatine	94.2%	11,450,000(2)	74.8%	8,560,386	
Arlington Heights	0.1%	22,395,649(2)	0.8%	127,855	
Palatine Public Library District	99.9%	12,225,000	76.3%	9,327,064	
Total Other Than Schools				\$81,773,564	

Notes: 1. Village's share based upon 2005 Real Property valuations.

2. Excludes the following "alternate" bonds, which are considered to be self-supporting since they are payable from pledged non-property tax sources: Harper Community College No. 512 - \$2,265,000; Palatine Park District - \$1,235,000; and Arlington Heights Park District - \$2,959,000.

EQUALIZED ASSESSED VALUATION FOR TAXING PURPOSES

Property Classification	Levy Years(1)				
	2001	2002	2003	2004	2005
Residential	\$ 862,113,017	\$ 949,368,098	\$ 963,534,181	\$1,138,490,510	N/A
Commercial	343,541,840	350,040,146	345,997,963	394,146,124	N/A
Industrial	123,621,909	132,519,388	128,678,367	145,428,977	N/A
Railroad	308,241	366,046	395,865	445,859	N/A
Farm	2,045	2,045	5,175	180	N/A
Net for Gen'l Taxing Purposes	\$1,329,587,052	\$1,432,295,723	\$1,438,611,551	\$1,678,511,650	\$1,814,735,721
Add: Incremental Valuation(2)	31,571,463	48,520,555	62,457,767	100,008,109	119,993,338
Total for all Taxing Purposes	\$1,361,158,515	\$1,480,816,278	\$1,501,069,318	\$1,778,517,759	\$1,934,729,059

Percentage Increase 20.4% 8.8% 1.4% 18.5% 8.8%

Notes: 1. Property in Cook County is separated into eight classifications for assessment purposes (ranging from 16% for residential to 38% for commercial/industrial property). After the assessor establishes the fair market value of a parcel of land, that value is multiplied by one of the classification percentages to arrive at the assessed valuation for that parcel. The Illinois Department of Revenue furnishes each county with an adjustment factor (the equalization factor) to equalize the level of assessment between counties. After the equalization factor is applied, the valuation of the property for taxing purposes has been established—tax rates are applied to the equalized valuation. Under the current triennial reassessment system, the Village was reassessed in 2001 and 2004. This table excludes statutory exemptions – see discussion on page 12.

2. The Village's tax rate is calculated based on the Village's net equalized assessed valuation (shown in this table as "Net for General Taxing Purposes") and is extended against its entire Equalized Assessed Valuation (shown in this table as "Total for all Taxing Purposes") excluding only the statutory exemptions. Of the taxes collected, that portion applicable to incremental valuation (valuation of tax increment districts) is remitted to the Village by the County Collector for deposit in the applicable tax allocation fund. The Equalized Assessed Valuation for which the Village receives its portion of the total tax rate for all non-TIF purposes is shown in this table as "Net for General Taxing Purposes".

TAX RATES PER \$100 EQUALIZED ASSESSED VALUATION

Village of Palatine(1):	Levy Years				
	2001	2002	2003	2004	2005
Corporate	\$.155	\$.226	\$.249	\$.229	\$.220
Bonds and Interest .....	.251	.241	.242	.195	.181
Pensions (Police, Fire, IMRF and Soc. Sec.) .....	.221	.228	.286	.275	.281
Fire Protection .....	.423	.439	.409	.385	.370
Water and Sewage .....	.086	.000	.000	.000	.000
Total Village of Palatine	\$ 1.136	\$1.134	\$ 1.186	\$ 1.084	\$1.052
Cook County (incl. Forest Preserve) .....	.813	.751	.689	.653	.593
Metropolitan Water Reclamation District .....	.401	.371	.361	.347	.315
Palatine Park District .....	.455	.422	.482	.437	.422
Palatine Public Library District .....	.322	.310	.315	.280	.271
Palatine Community Consolidated S.D. No. 15	3.289	3.185	3.313	2.925	2.840
Palatine and Schaumburg Twp. H.S. No. 211	2.147	2.067	2.165	2.158	2.191
Harper Community College No. 512 .....	.308	.295	.310	.279	.281
Township and All Other .....	.176	.138	.172	.126	.142
Total(2)	\$ 9.047	\$8.673	\$ 8.993	\$ 8.289	\$8.107
Village Rate as a Percent of Total	12.6%	13.1%	13.2%	13.1%	13.0%

Notes: 1. As a home rule unit under the 1970 Illinois Constitution, the Village has no statutory tax rate or levy limitations. Totals may not add due to rounding.

2. Total rate shown is for the largest tax code, which accounted for 78.5% of the Village's 2005 equalized assessed valuation.

TAX EXTENSIONS AND COLLECTIONS (Village Purposes Only)

Levy Year	Collection Year	Total Taxes Extended	Total Taxes Collected(1)	
			Amount	Percent(2)
2001	2002	\$15,104,109	\$14,954,154	99.01%
2002	2003	16,242,234	16,135,132	99.34%
2003	2004	17,061,932	16,882,993	98.95%
2004	2005	18,187,861	17,943,439	98.66%
2005	2006	19,090,228	18,689,606	97.90%
2006	2007	19,798,958	-----In Process-----	

Notes: 1. Source: Cook County Treasurer's Office.

2. Cook County property taxes are payable in two installments: the first on March 1, and the second on the latter of August 1 or 30 days after the mailing of the tax bills. The first installment is an estimated bill and is one-half of the prior year's bill. The second installment is based on the current levy, assessment and equalization and reflects any changes from the prior year in those factors.

TEN LARGEST TAXPAYERS

Rank	Taxpayer	Business/Properties	Equalized Assessed Valuation(1)	Percent of Village(2)
1 ..	Mid America Park Place	Park Place Shopping Center	\$32,743,370	1.7%
2 ..	PFC Marquette Company	Apartments	24,914,641	1.3%
3 ..	AL LH DB LP	Apartments	22,843,014	1.2%
4 ..	Individual Taxpayer	Shopping Center	18,525,219	1.0%
5 ..	Brookind Corp. Tax Department	United Parcel Service	16,855,220	0.9%
6 ..	Concord Mills Estates	Various Real Property	15,098,447	0.8%
7 ..	Village Park Palatine 300	Apartments	13,521,515	0.7%
8 ..	Regency Plaza Partners	Shopping Center	11,258,307	0.6%
9 ..	Square D Company	Corporate Headquarters	9,671,187	0.5%
10 ..	Hamilton Partners	Commercial Building	8,742,397	0.5%
Total Ten Largest Taxpayers			\$173,973,317	9.0%

Notes: 1. Valuations as of January 1, 2005 for 2006 taxing purposes.

2. Total 2005 Village valuation of \$1,934,729,059 (includes incremental valuation in the Village's tax increment financing districts).

FINANCIAL STATEMENTS

As of January 1, 2003 (for fiscal years ending December 31, 2003 and thereafter), the Village adopted the provisions of: Governmental Accounting Standards Board Statements No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*; Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis – For State and Local Governments: Omnibus*; Statement No. 38, *Certain Financial Statement Note Disclosures*; and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. This resulted in a change in the Village's method of accounting and a change in the format and content of the basic financial statements including notes to financial statements. As a result, direct comparisons with certain results from prior fiscal years are not possible.

As a part of the requirements of Statement No. 34 referred to above, there is a section "Management's Discussion and Analysis" which is a narrative overview and analysis of the financial activities for the fiscal year. Set out below is the section "Financial Highlights" from that narrative.

FINANCIAL HIGHLIGHTS - - Fiscal Year Ended December 31, 2005

- The Village's net assets increased by \$20,137,505 (13%) during the fiscal year ending December 31, 2005. The governmental net assets increased by \$12,850,165 due to the first time capitalization of storm sewers and bridges and \$5,937,871 from operations. Business-type activities net assets increased by \$1,349,469.
- The Village's combined Governmental Funds ending fund balance increased \$2,177,387 as of December 31, 2005.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$16,285,665 or 44% of General Fund expenditures.
- During the current year, the Village issued \$965,000 in General Obligation Refunding Bonds Series 2005 to refund \$825,000 of the General Obligation Bonds Series 1999A to reduce its debt service by approximately \$29,483.

GENERAL FUND

Summary Statement of Revenue, Expenditures and Changes in Fund Balance (Fiscal Years Ending December 31)

	Audited (Note 1)				Preliminary	2007
Revenue(3):	2002	2003	2004	2005	2006	Budget(2)
Taxes:						
Property Taxes	\$10,377,518	\$12,632,584	\$13,629,102	\$15,362,641	\$16,169,543	\$16,607,585
Sales Tax	8,934,817	9,009,385	11,743,223	12,503,160	12,723,170	12,358,900
Other Taxes	1,408,485	1,466,048	1,959,056	2,181,131	2,359,091	2,212,790
Licenses and Permits	2,665,519	2,686,698	3,212,245	3,121,288	3,242,695	3,064,000
Intergovernmental:						
State Income Tax	4,350,481	4,057,697	4,189,384	4,919,232	5,403,355	4,932,080
Other	874,343	683,014	789,750	868,098	1,187,414	2,170,405
Charges For Services	2,167,080	1,043,774	1,969,394	1,950,734	1,768,571	2,069,000
Fines and Forfeits	707,736	763,501	716,827	741,524	885,018	837,000
Interest Income	156,565	67,631	69,190	348,592	1,137,977	250,000
Transfers-In	- 0 -	1,643,440	1,766,675	93,530	600,475	5,725
All Other Revenues	512,680	344,070	469,046	338,619	371,053	293,150
Total Revenues	\$32,155,224	\$34,397,842	\$40,513,892	\$42,428,549	\$45,848,362	\$44,800,635
Expenditures:						
General Government:						
Finance/Data Processing	\$1,948,193	\$1,783,746	\$1,609,058	\$1,862,200	\$1,969,941	\$2,286,645
Community Services	2,414,036	2,025,024	2,049,548	1,989,349	1,652,076	1,920,115
Insurance	836,072	997,313	1,101,123	1,329,771	1,653,535	2,437,980
All Other	2,462,695	2,316,229	2,011,583	1,528,531	3,044,805	3,573,815
Total General Gov't	\$7,660,996	\$7,122,312	\$6,771,312	\$6,707,851	\$8,320,357	\$10,218,555
Public Safety:						
Police	\$12,652,417	\$12,817,742	\$13,674,135	\$14,413,178	\$15,213,535	\$16,574,360
Fire	9,564,127	10,208,028	10,848,633	11,089,532	11,951,093	13,051,387
Emergency Management	27,452	48,313	80,627	137,744	221,502	- 0 -
Total Public Safety	\$22,243,996	\$23,074,083	\$24,603,395	\$25,640,454	\$27,386,130	\$29,625,747
Public Works	3,946,316	4,556,489	4,625,704	4,710,929	4,657,122	5,444,430
Transfers-Out	317,200	2,329,486	48,925	1,400,000	4,149,105	- 0 -
Total Expenditures	\$34,168,508	\$37,082,370	\$36,049,336	\$38,459,234	\$44,512,714	\$45,288,732
Revenues Over (Under) Expend.	\$ (2,013,284)	\$ (2,684,528)	\$ (4,484,556)	\$ (3,969,315)	\$ (3,335,648)	\$ (488,097)(4)
Adjustments to Fund Balance	(191,299)	(549,955)	55,575	- 0 -	- 0 -	- 0 -
Fund Balance — Ending	\$11,057,172	\$7,822,689	\$12,342,820	\$16,312,135	\$17,647,783	

Balance Sheet

	2002	2003	2004	2005
Assets:				
Cash and Investments	\$ 8,233,409	\$ 5,086,606	\$10,698,069	\$15,123,023
Receivables:				
Property Tax	12,652,000	13,433,500	14,759,690	15,645,500
All Other	257,386	523,827	692,888	541,668
Prepaid Items	1,362,464	- 0 -	- 0 -	26,470
Due From Other Governments	2,247,790	2,757,394	3,287,268	3,433,314
Due From Other Funds	1,621,154	2,210,292	258,130	219,252
All Other Assets	20,745	21,885	25,965	- 0 -
Total Assets	\$26,394,948	\$24,033,504	\$29,722,006	\$34,989,227
Liabilities and Fund Balance:				
Accounts Payable	\$ 336,620	\$ 428,930	\$ 332,281	\$ 212,728
Deferred Revenues	12,826,424	13,806,670	14,966,556	16,090,618
All Other Liabilities	2,174,732	1,975,215	2,080,349	2,373,746
Total Liabilities	\$15,337,776	\$16,210,815	\$17,379,186	\$18,677,092
Fund Balance:				
Reserved	\$ 1,383,209	\$ 21,885	\$ 25,965	\$ 26,470
Unreserved	9,673,963	7,800,804	12,316,855	16,285,665
Total Fund Balance	\$11,057,172	\$7,822,689	\$12,342,820	\$16,312,135
Total Liabilities & Fund Balance	\$26,394,948	\$24,033,504	\$29,722,006	\$34,989,227

- Notes: 1 See Note 1 to the "Combined Statement — All Funds" table for auditor's basis of accounting, etc.
2. Budgets are adopted on a basis consistent with generally accepted accounting principles. The Village Manager prepares a proposed budget which is presented to the Village Council for review and adoption after public hearings. The Manager is authorized to transfer budgeted amounts between departments within any fund, however, any revisions that alter the total expenditures of a fund must be approved by the Village Council. The Manager regularly conducts quarterly reviews and initiates supplemental appropriations as necessary. The adopted Village Budget is based on the use of the budgetary tool known as "Target Budgeting". The target budget is a tool to involve department heads, municipal administrators, finance officers and policy officials in a joint effort to maximize the use of funds. This method of budgeting is a modification of zero based budgeting. It accepts the premise that the Village provides certain basic services and attempts to "target" funds for these basic service levels. Beyond the basic service levels, discretionary expenditures are identified, and then evaluated, prioritized and matched against available revenues. A shifting pattern of services can therefore be created without inadvertent disruption of basic services.
3. The Village has not availed itself of the statutorily authorized 5% Utility Tax (piggyback on the billings of the private gas, electric and telephone companies), which can be accessed by the adoption of an ordinance.
4. As of the date of this Official Statement the Village projects that revenues and expenditures for the fiscal year ending December 31, 2007 will be as shown in the budget. The budget has been adjusted for prior year encumbrances.

COMBINED STATEMENT—ALL FUNDS (Note 1)

Fund Balances 2001-2005 (Fiscal Years Ending December 31)

Governmental Fund Types:	2001	2002	2003	2004	2005
General Fund	\$13,261,755	\$ 11,057,172	\$ 7,822,689	\$ 12,342,820	\$ 16,312,135
Special Revenue Funds:					
Motor Fuel Tax	\$ 871,751	\$ 1,317,567	\$ 1,433,992	849,535	\$ 353,229
Community Dev. Block Grant ..	(46,151)	- 0 -	- 0 -	- 0 -	- 0 -
Downtown TIF	1,297,166	(205,515)	141,884	7,109,515	3,749,848
Dundee Rd. TIF	- 0 -	- 0 -	1,612,321	2,575,013	3,661,519
Total Special Revenue	\$ 2,122,766	\$ 1,112,052	\$ 3,388,197	\$10,534,063	\$ 24,076,731
Debt Service Funds	18,126,622	18,349,344	13,167,153	8,274,820	10,409,015
Capital Projects Funds	15,497,582	8,789,391	4,644,878	2,841,873	1,685,217
Total Governmental Funds ..	\$49,008,705	\$ 39,307,959	\$ 29,022,917	\$33,993,576	\$ 36,170,963
Proprietary Fund Types(2):					
Enterprise Funds:					
Waterworks	\$ 22,045,280	\$ 14,542,500	\$ 13,568,185	\$ 13,137,787	\$ 14,575,540
Sewage	13,557,161	11,877,201	11,479,059	11,139,576	11,827,844
Motor Vehicle Parking Sys.	3,126,160	18,492,412	17,838,167	17,145,072	16,440,972
Refuse Collection	137,273	254,140	513,181	583,650	511,198
Total Enterprise Funds	\$ 38,865,874	\$ 45,166,253	\$ 43,398,592	\$42,008,085	\$ 43,355,554
Internal Service Funds:					
Self Insurance	858,761	(347,908)	- 0 -	446,526	1,221,653
Central Equipment	79,066	(50,213)	(231,496)	(123,827)	(62,211)
Total Proprietary Funds	\$ 39,803,701	\$ 44,768,132	\$ 43,167,096	\$42,328,784	\$ 44,514,996
Fiduciary Fund Types(3):					
Pension Trust:					
Police Pension Fund	\$ 24,022,745	\$ 24,025,255	\$ 26,339,997	\$ 28,578,027	\$ 30,382,994
Firefighters' Pension	27,005,457	27,458,820	31,110,180	33,612,547	35,594,313
Total Fiduciary Funds	\$ 51,028,202	\$ 51,484,075	\$ 57,450,177	\$ 62,190,574	\$ 65,977,307
Total All Funds (Memo Only) .	\$139,840,608	\$135,560,166	\$128,640,180	\$138,512,934	\$146,663,266
Cash and Investments at Dec. 31:	2001	2002	2003	2004	2005
General Fund	\$12,463,754	\$ 8,233,409	\$ 5,086,606	\$10,698,069	\$ 15,123,023
Special Revenue	2,037,130	1,427,567	1,692,959	2,608,912	2,341,408
Debt Service	4,134,143	3,336,187	13,169,679	8,296,390	10,410,715
Capital Projects	16,691,529	8,745,568	3,940,034	2,207,095	1,268,425
Enterprise Funds	5,556,783	5,484,439	4,453,710	3,024,363	6,024,238
Internal Service Funds	1,047,892	113,227	211,551	768,879	1,654,176
Pension Trust	50,949,122	51,407,555	57,371,199	62,111,900	65,900,784
Total Cash and Investments(4)	\$92,880,353	\$78,747,952	\$85,925,738	\$89,716,608	\$102,722,769

- Notes: 1. These condensed financial statements for the years ending December 31, 2001-2005 have been excerpted from the full Comprehensive Annual Financial Reports of the Village of Palatine and do not purport to be complete audits. The full financial statements, together with the report of the Village's independent accountants, are available upon request. The financial statements of the Village have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Funds are accounted for using the modified accrual basis of accounting, with revenues being recorded when they become measurable and available as net current assets and expenditures recognized when the related fund liability is incurred. The accrual basis of accounting is used for the proprietary and pension trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Village's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2005 included an unqualified "Report of Independent Auditors". Similar unqualified opinions were included in the Village's Comprehensive Annual Financial Reports for the fiscal years ending December 31, 2001-2004. The "Report of Independent Auditors" included in the latest audit states, in part:
- "In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Village of Palatine, Illinois, as of December 31, 2005, and the results of its operations and cash flows of its proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the combining and individual fund financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds of the Village of Palatine, Illinois, as of December 31, 2005, and the results of operations of such funds and cash flows of individual proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America."
2. The amounts shown as fund balances for the Proprietary Funds are net assets and the amounts shown as "Revenues Over Expenditures" represent the change in that amount. "Total Revenues" represent operating revenues.
3. Excludes the Village's Agency Funds.

CAPITAL ASSETS
(At December 31, 2005)

	<u>Governmental Activities</u>		<u>Business Type Activities</u>
Capital Assets not Being Depreciated:		Capital Assets not Being Depreciated:	
Land	\$ 2,967,075	Land	\$ 2,470,700
Land Right of Way	<u>139,482,627</u>	Total Capital Assets not Being Depreciated	\$ 2,470,700
Total Capital Assets not Being Depreciated	\$142,449,702		
Capital Assets Being Depreciated:		Capital Assets Being Depreciated:	
Buildings and Improvements	\$ 13,613,705	Equipment	\$ 469,915
Machinery and Equipment	6,525,914	Water System	21,551,965
Storm Sewer	28,726,850	Sewer System	18,950,845
Streets	23,681,430	Parking Improvements	<u>15,541,755</u>
Bridges	<u>1,596,735</u>		
Total Capital Assets Being Depreciated	\$ 73,694,634	Total Capital Assets Being Depreciated	\$56,514,480
Less Accumulated Depreciation	<u>(33,963,764)</u>	Less Accumulated Depreciation	<u>(22,607,225)</u>
Total Capital Assets Being Depreciated, Net	\$ 39,730,870	Total Capital Assets Being Depreciated, Net	\$33,907,255
Governmental Activities Capital Assets, Net*	\$182,180,572	Business Activities Capital Assets, Net*	\$36,377,955

* Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, storm water), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost in excess of certain thresholds (\$200,000 for building improvements and land improvements, \$250,000 for infrastructure, and \$50,000 for vehicles, machinery and equipment) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Exemptions From Equalized Assessed Valuation For Taxing Purposes

An annual General Homestead Exemption provides that the Equalized Assessed Valuation ("EAV") of certain property owned and used for residential purposes ("Residential Property") may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$4,500 for taxable years prior to tax year 2004 and \$5,000 for each taxable year thereafter (the "General Homestead Exemption").

The Alternative General Homestead Exemption (the "Alternative General Homestead Exemption") caps property tax assessment increases for homeowners at 7% a year for a total of three years. Homes that do not increase by at least 7% a year are entitled to the General Homestead Exemption as discussed above. However, pursuant to an ordinance adopted by the County on July 13, 2004, the County has elected to allow the amount of the Alternative General Homestead Exemption to be increased to an amount not greater than \$20,000 for taxable years 2003, 2004 and 2005 in the City of Chicago, for taxable years 2004, 2005 and 2006 in the North Suburbs, and for taxable years 2005, 2006 and 2007 in the South and West Suburbs. Specifically, the amount of the Alternative General Homestead Exemption is the EAV of the Residential Property for the current tax year minus the Adjusted Homestead Value. Assessors calculate the Adjusted Homestead Value by determining the lesser of (i) the homestead property's Base Homestead Value increased by 7% for each tax year after the base year (2002), through and including the current tax year, or (ii) the EAV of the homestead property for the current tax year minus \$4,500 in tax year 2003 or \$5,000 in all counties in tax year 2004 and thereafter. The Base Homestead Value equals the EAV of the homestead property for the base year prior to exemptions, minus \$4,500 in tax year 2003 or \$5,000 in all counties in tax year 2004 and thereafter. Furthermore, for the first tax year that the Alternative General Homestead Exemption no longer applies, there shall be an additional General Homestead Exemption of \$5,000 awarded to Residential Property owners (i) who have not been granted a Senior Citizens Assessment Freeze Exemption for the taxable year, (ii) whose Residential Property has increased by more than 20% over the previous assessed valuation and (iii) who have a household income of \$30,000 or less. The Alternative General Homestead Exemption expired on January 9, 2007, after the 94th General Assembly failed to renew the exemption. In 2006, the Senate passed legislation that would have renewed the exemption, but the House did not act upon the legislation prior to the conclusion of the 94th General Assembly. Legislation is pending in the 95th General Assembly that would renew the exemption.

The Homestead Improvement Exemption applies to Residential Properties that have been improved or rebuilt in the two years following a catastrophic event. The exemption is limited to \$45,000 through December 31, 2003, and \$75,000 per year beginning January 1, 2004 and thereafter, to the extent the assessed value is attributable solely to such improvements or rebuilding.

Additional exemptions exist for senior citizens. The Senior Citizens Homestead Exemption operates annually to reduce the EAV on a senior citizen's home by \$2,500 for taxable years prior to 2004 and \$3,000 for taxable years 2004 and 2005. For taxable years 2006 and thereafter, the maximum reduction is \$3,500 in all counties. Furthermore, beginning with assessment year 2003, for taxes payable in 2004, property that is first occupied as a residence after January 1 of any assessment year by a person who is eligible for the Senior Citizens Homestead Exemption must be granted a pro-rata exemption for the assessment year based on the number of days during the assessment year that the property is occupied as a residence by a person eligible for the exemption.

A Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older and have annual incomes of \$35,000 or less prior to taxable year 1999, \$40,000 or less in taxable years 1999 through 2003, \$45,000 or less in taxable years 2004 and 2005, and \$50,000 or less in taxable year 2006 and thereafter. In general, the Exemption limits the annual real property tax bill of such property by granting to qualifying senior citizens an exemption as to a portion of the valuation of their property. Through taxable year 2005, the exempt amount is the difference between (i) the current EAV of their residence and (ii) the EAV of a senior citizen's residence for the year prior to the year in which he or she first qualifies and applies for the Exemption (plus the EAV of improvements since such year). For taxable year 2006 and thereafter, the amount of the exemption phases out as the amount of household income increases. The amount of the exemption is calculated by using the same formula as above, and then multiplying that answer by a ratio that varies according to household income.

The Homeowner Exemption for Long-term Properties ("H.E.L.P.") provides relief to certain longtime homeowners facing a dramatic rise in property taxes attributable to gentrification in established neighborhoods. H.E.L.P. exempts from property tax an amount equal to the current EAV for an eligible property which exceeds the sum of: (i) the EAV for the year prior to reassessment, plus (ii) the prior-year EAV multiplied by a factor equal to 150% of the average assessment increase for the most current reassessment of the assessment district. In order to qualify for the exemption, a homeowner must own and occupy Class 2 property for ten years or more as their principal residence, or five years or more if the owner received governmental assistance in acquiring the property.

Another exemption available to disabled veterans operates annually to exempt up to \$70,000 of the Assessed Valuation of property owned and used exclusively by such veterans or their spouses for residential purposes. Lastly, certain property is exempt from taxation on the basis of ownership and/or use, such as public parks, not-for-profit schools and public schools, churches, and not-for-profit hospitals and public hospitals.

GLOBAL BOOK-ENTRY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of each Series of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation ("DTCC"). DTCC, in turn is owned by a number of its Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCG, GSCG, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee, do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon

DTC's receipt of funds and corresponding detail information from the Village or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC from time to time. Payment of principal, premium and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Village or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Village or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

CONTINUING DISCLOSURE

In the bond ordinance, the Village has covenanted and agreed, for the benefit of the beneficial owners of the Bonds, to provide certain financial information and operating data relating to the Village within 210 days after the close of the Village's fiscal year (the "Annual Report"); and, in a timely manner, to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the Village with each Nationally Recognized Municipal Securities Information Repository and with the Illinois state information depository, if any. The information to be contained in the Annual Report will consist of the annual audited financial statements (if the audited financial statements are not available, unaudited statements will be provided and the audited statements will be filed within 30 days after they become available) of the Village. Each annual audited financial statement will conform to generally accepted accounting principles applicable to governmental units and will be prepared in accordance with standards of the Governmental Accounting Standards Board. The notices of material events and timely notice of any failure of the Village to file its Annual Report within the 210 day period will be filed by the Village with each Nationally Recognized Municipal Securities Information Repository and with the Illinois state information depository, if any. The Village's undertaking with respect to material events includes timely notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of Bondholders;
8. Bond calls;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Bonds; and
11. Rating changes.

The Village has agreed to the foregoing undertakings in order to assist participating underwriters of the Bonds and brokers, dealers and municipal securities dealers in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934. The Village will provide the foregoing information for so long as Rule 15c2-12(b)(5) is applicable to the Bonds and the Village remains an "obligated person" under the Rule with respect to the Bonds. No provision of the bond ordinances limits the remedies available to any beneficial owner of the Bonds with respect to the enforcement of the continuing disclosure covenants of the Village described above. Failure to comply with the continuing disclosure covenants will not constitute an event of default under the bond ordinance.

The Village may amend the continuing disclosure undertakings contained in the bond ordinance upon a change in circumstances provided that (a) the undertakings, as amended, would have complied with the requirements of Rule 15c2-12(b)(5) at the time of this offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (b) in the opinion of nationally recognized bond counsel selected by the Village, the amendment does not materially impair the interests of the beneficial owners of the Bonds.

The Village is in compliance with each and every undertaking previously entered into by it pursuant to the Rule.

DEFEASANCE

Bonds shall be deemed to have been paid and the pledge of taxes, securities and funds pledged by the bond ordinance and the covenants, agreements and other obligations of the Village to the owners of the Bonds shall be discharged and satisfied, if (1) in case any such bonds are to be redeemed prior to maturity, there shall have been taken all action necessary to call such bonds for redemption and notice of such redemption shall have been duly given or provision shall have been made for the giving of such notice, and (2) there shall have been deposited in trust with a bank, trust company or national banking association acting as fiduciary for such purpose either (i) moneys in an amount which shall be sufficient, or (ii) "Federal Obligations" as defined below, the principal of and the interest on which when due will provide moneys which, together with any moneys on deposit with such fiduciary at the same time for such purpose, shall be sufficient, to pay when due the principal of, redemption premium, if any, and interest due and to become due on said bonds on and prior to the applicable redemption date or maturity date.

The term "Federal Obligations" means (i) non-callable, direct obligations of the United States of America, (ii) non-callable and non-prepayable, direct obligations of any agency of the United States of America, which are unconditionally guaranteed by the United States of America as to full and timely payment of principal and interest, (iii) non-callable, non-prepayable coupons or interest installments from the securities described in clause (i) or clause (ii) which are stripped pursuant to programs of the Department of the Treasury of the United States of America, or (iv) coupons or interest installments stripped from bonds of the Resolution Funding Corporation.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Katten Muchin Rosenman LLP, Chicago, Illinois as bond counsel ("Bond Counsel"), who have been retained by and act as Bond Counsel to the Village. Other than the statements under the caption "TAX EXEMPTION", "the second and third paragraphs under the caption "PURPOSE, SECURITY, AND LEGALITY", "DEFEASANCE", "CONTINUING DISCLOSURE" (except for the Village's representation in the last paragraph of that section) and the Proposed Forms of Opinion of Bond Counsel in Appendices B and C, Bond Counsel has not been retained or consulted on disclosure matters and has not independently reviewed and assumes no responsibility for the statements or information contained in the Official Statement. Certain legal matters will be passed upon for the Village by the Village Attorney.

OFFICIAL STATEMENT CERTIFICATION

Based upon our examination of the attached Final Official Statement dated May 7, 2007, for the \$3,100,000 General Obligation Bonds, Series 2007A, 2007C and 2007E and the \$17,220,000 General Obligation Bonds, Taxable Series 2007B and 2007D, we believe it to be true and correct. We will provide to the purchaser of the Bonds, at the time of delivery of the bonds, a certificate confirming that to the best of our knowledge and belief the information in the Official Statement, including any addenda thereto, was at the time of acceptance of the bid and at the delivery, true and correct in all material respects and does not include any untrue statement of material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

/s/ Paul D. Mehring
Finance Director

/s/ Reid T. Ottesen
Village Manager

Village of Palatine
200 East Wood Street
Palatine, Illinois 60067
(847) 358-7500

May 7, 2007

APPENDIX A – TAX EXEMPTION

(Applicable to Series 2007A, 2007C and 2007E Only)

Summary of Bond Counsel Opinion. Katten Muchin Rosenman LLP, Bond Counsel, is of the opinion that under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), Bond Counsel is of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. In addition, interest on the Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income, but must be taken into account as earnings and profits of a corporation when computing, for example, corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Bonds is not exempt from Illinois income taxes.

Exclusion from Gross Income: Requirements. The Code contains certain requirements that must be satisfied from and after the date of issuance of the Bonds in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States, the security and source of payment of the Bonds and the use of the property financed with the proceeds of the Bonds. The Village covenants in the Bond Ordinance to comply with these requirements. Among these specific requirements are the following:

- (a) **Investment Restrictions.** Except during certain "temporary periods," proceeds of the Bonds and investment earnings thereon (other than amounts held in a reasonably required reserve or replacement fund, if any, or as part of a "minor portion") may generally not be invested in investments having a yield that is materially higher than the yield on the Bonds.
- (b) **Rebate of Permissible Arbitrage Earnings.** Earnings from the investment of the "gross proceeds" of the Bonds in excess of the earnings that would have been realized if such investments had been made at a yield equal to the yield on the Bonds are required to be paid to the United States at periodic intervals. For this purpose, the term "gross proceeds" includes the original proceeds of the Bonds, amounts received as a result of investing such proceeds and amounts to be used to pay debt service on the Bonds.
- (c) **Restrictions on Ownership and Use.** The Code includes restrictions on the ownership and use of the facilities financed with the proceeds of the Bonds. Such provisions may restrict future changes in the use of any property financed with the proceeds of the Bonds.

Covenants to Comply. The Village covenants in the Bond Ordinance to comply with the requirements of the Code relating to the exclusion from gross income for federal income tax purposes of interest on the Bonds.

Risk of Non-Compliance. In the event that the Village fails to comply with the requirements of the Code, interest on the Bonds may become includable in the gross income of the owners thereof for federal income tax purposes retroactively to the date of issue. In such event, the Bond Ordinance does not require acceleration of payment of principal of or interest on the Bonds or payment of any additional interest or penalties to the owners of the Bonds.

Federal Income Tax Consequences. Pursuant to Section 103 of the Code, interest on the Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. However, the Code contains a number of other provisions relating to the treatment of interest on the Bonds that may affect the taxation of certain types of owners, depending on their particular tax situations. Some of the potentially applicable federal income tax provisions are described in general terms below. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE BONDS.

- (a) **Cost of Carry.** Owners of the Bonds will generally be denied a deduction for otherwise deductible interest on any debt that is treated for federal income tax purposes as incurred or continued to purchase or carry the Bonds. Financial institutions are denied a deduction for their otherwise allowable interest expense in an amount determined by reference to their adjusted basis in the Bonds.
- (b) **Corporate Owners.** Interest on the Bonds is generally taken into account in computing earnings and profits of a corporation and consequently may be subject to federal income taxes based thereon. Thus, for example, interest on the Bonds is taken into account not only in computing the corporate alternative minimum tax but also the branch profits tax imposed on certain foreign corporations, the passive investment income tax imposed on certain S corporations, and the accumulated earnings tax.
- (c) **Individual Owners.** Receipt of interest on the Bonds may increase the amount of social security and railroad retirement benefits included in the gross income of the recipients thereof for federal income tax purposes.
- (d) **Certain Blue Cross or Blue Shield Organizations.** Receipt of interest on the Bonds may reduce a special deduction otherwise available to certain Blue Cross or Blue Shield organizations.
- (e) **Property or Casualty Insurance Companies.** Receipt of interest on the Bonds may reduce otherwise deductible underwriting losses of a property or casualty insurance company.
- (f) **Foreign Personal Holding Company Income.** A United States shareholder of a foreign personal holding company may realize taxable income to the extent that interest on the Bonds held by such a company is properly allocable to the shareholder.

Bonds Purchased at a Premium or at a Discount. The difference (if any) between the initial price at which a substantial amount of each maturity of the Bonds is sold to the public (the "Offering Price") and the principal amount payable at maturity of such Bonds is given special treatment for federal income tax purposes. If the Offering Price is higher than the maturity value of a Bond, the difference between the two is known as "bond premium;" if the Offering Price is lower than the maturity value of a Bond, the difference between the two is known as "original issue discount."

Bond premium and original issue discount are amortized over the term of a Bond on the basis of the owner's yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing during each period is subtracted from the owner's tax basis in the Bond. The amount of original issue discount accruing during each period is treated as interest that is excludable from the gross income of the owner of such Bond for federal income tax purposes, to the same extent and with the same limitations as current interest, and is added to the owner's tax basis in the Bond. A Bond's adjusted tax basis is used to determine whether, and to what extent, the owner realizes taxable gain or loss upon the disposition of the Bond (whether by reason of sale, acceleration, redemption prior to maturity or payment at maturity of the Bond).

Owners who purchase Bonds at a price other than the Offering Price, after the termination of the initial public offering or at a market discount should consult their tax advisors with respect to the tax consequences of their ownership of the Bonds. In addition, owners of Bonds should consult their tax advisors with respect to the state and local tax consequences of owning the Bonds; under the applicable provisions of state or local income tax law, bond premium and original issue discount may give rise to taxable income at different times and in different amounts than they do for federal income tax purposes.

Change of Law. The opinion of Bond Counsel and the descriptions of the tax law contained in this Official Statement are based on statutes, judicial decisions, regulations, rulings, and other official interpretations of law in existence on the date the Bonds were issued. There can be no assurance that such law or the interpretation thereof will not be changed or that new provisions of law will not be enacted or promulgated at any time while the Bonds are outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Bonds.

APPENDIX B – PROPOSED FORM OF OPINION OF BOND COUNSEL (SERIES 2007A, 2007C AND 2007E)

[Letterhead of Katten Muchin Rosenman LLP]

May 30, 2007

The Mayor and Village Council
of the Village of Palatine, Illinois

Dear Members:

We have examined a record of proceedings relating to the issuance of \$365,000 principal amount of General Obligation Bonds, Series 2007A (the "2007A Bonds"); \$1,215,000 principal amount of General Obligation Bonds, Series 2007C (the "2007C Bonds") and \$1,520,000 principal amount of General Obligation Bonds, Series 2007E (the "2007E Bonds," and together with the 2007A Bonds and the 2007C Bonds, the "Bonds") of the Village of Palatine, a municipal corporation and a home rule unit of the State of Illinois situate in the County of Cook. The Bonds are authorized and issued pursuant to the provisions of Section 6 of Article VII of the Illinois Constitution of 1970 and the Code of Ordinances of Palatine and by virtue of an ordinance adopted by the Mayor and Village Council of the Village on May 7, 2007 and entitled: "Ordinance Authorizing the Issuance of Five Series of General Obligation Bonds of the Village of Palatine, Illinois in the Aggregate Principal Amount of \$20,320,000" (the "Bond Ordinance").

The Bonds are issuable in the form of fully registered bonds in the denominations of \$5,000 or any integral multiple thereof. Bonds delivered on original issuance are dated May 15, 2007 and bear interest from their date payable on December 1, 2007 and semiannually thereafter on each June 1 and December 1.

The 2007A Bonds bear interest at the rate of four percentum (4.00%) per annum and mature (without option of prior redemption) on December 1 in each of the following years in the respective principal amount set opposite each such year in the following table:

Year	Principal Amount
2015	\$100,000
2016	100,000
2017	165,000

The 2007C Bonds mature on December 1 in each of the following years in the respective principal amount set opposite each such year in the following table, and the 2007C Bonds maturing in each such year bear interest at the respective rate of interest per annum set forth opposite such year:

Year	Principal Amount	Interest Rate
2010	\$100,000	4.00%
2011	100,000	4.00
2012	100,000	4.00
2013	100,000	4.00
2014	100,000	4.00
2015	100,000	4.00
2016	100,000	4.00
2017	100,000	4.00
2018	100,000	4.00
2019	100,000	4.00
2020	100,000	4.25
2021	115,000	4.25

The 2007C Bonds maturing on or after December 1, 2018, are subject to redemption prior to maturity at the option of the Village, in such principal amounts and from such maturities as the Village shall determine and by lot within a single maturity, on December 1, 2017 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

The 2007E Bonds bear interest at the rate of four percentum (4.00%) per annum and mature (without option of prior redemption) on December 1 in each of the following years in the respective principal amount set opposite each such year in the following table:

Year	Principal Amount
2008	\$130,000
2009	130,000
2010	135,000
2011	145,000
2012	150,000
2013	155,000
2014	160,000
2015	165,000
2016	170,000
2017	180,000

In our opinion, the Bonds are valid and legally binding general obligations of the Village of Palatine and the Village is obligated to levy ad valorem taxes upon all the taxable property within the Village for the payment of the Bonds and the interest thereon without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

We are of the opinion that under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that the Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code. Accordingly, interest on the Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. However, interest on the Bonds is includable in corporate earnings and profits and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States, the security and source of payment of the Bonds and the use of the property financed with the proceeds of the Bonds. The Village has covenanted in the Bond Ordinance to comply with these requirements.

Interest on the Bonds is not exempt from Illinois income taxes.

Very truly yours,

LG/be

APPENDIX C – PROPOSED FORM OF OPINION OF BOND COUNSEL (SERIES 2007B AND 2007D)

[Letterhead of Katten Muchin Rosenman LLP]

May 30, 2007

The Mayor and Village Council
of the Village of Palatine, Illinois

Dear Members:

We have examined a record of proceedings relating to the issuance of \$7,335,000 principal amount of General Obligation Bonds, Taxable Series 2007B (the "2007B Bonds") and \$9,885,000 principal amount of General Obligation Bonds, Taxable Series 2007D (the "2007D Bonds," and together with the 2007B Bonds, the "Bonds") of the Village of Palatine, a municipal corporation and a home rule unit of the State of Illinois situate in the County of Cook. The Bonds are authorized and issued pursuant to the provisions of Section 6 of Article VII of the Illinois Constitution of 1970 and the Code of Ordinances of Palatine and by virtue of an ordinance adopted by the Mayor and Village Council of the Village on May 7, 2007 and entitled: "Ordinance Authorizing the Issuance of Five Series of General Obligation Bonds of the Village of Palatine, Illinois in the Aggregate Principal Amount of \$20,320,000".

The Bonds are issuable in the form of fully registered bonds in the denominations of \$5,000 or any integral multiple thereof. Bonds delivered on original issuance are dated May 15, 2007 and bear interest from their date payable on December 1, 2007 and semiannually thereafter on each June 1 and December 1.

The 2007B Bonds mature on December 1 in each of the following years in the respective principal amount set opposite each such year in the following table, and the 2007B Bonds maturing in each such year bear interest at the respective rate of interest per annum set forth opposite such year:

Year	Principal Amount	Interest Rate
2008	\$ 340,000	5.20%
2009	355,000	5.20
2010	375,000	5.20
2011	390,000	5.20
2012	410,000	5.20
2013	430,000	5.20
2014	455,000	5.20
2015	475,000	5.20
2016	500,000	5.20
2019	1,665,000	5.25
2022	1,940,000	5.40

The 2007B Bonds maturing on or after December 1, 2019, are subject to redemption prior to maturity at the option of the Village, in such principal amounts and from such maturities as the Village shall determine and by lot within a single maturity, on December 1, 2017 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

The 2007B Bonds maturing in the years 2019 and 2022 are subject to mandatory redemption, in part and by lot, on December 1 of the years and in the respective principal amounts set forth in the following tables, by the application of sinking fund installments, at a redemption price equal to the principal amount thereof to be redeemed:

2019 Bonds		2022 Bonds	
Year	Principal Amount	Year	Principal Amount
2017	\$525,000	2020	\$615,000
2018	555,000	2021	645,000

The 2007D Bonds mature on December 1 in each of the following years in the respective principal amount set opposite each such year in the following table, and the 2007D Bonds maturing in each such year bear interest at the respective rate of interest per annum set forth opposite such year:

Year	Principal Amount	Interest Rate
2009	\$ 350,000	5.20%
2010	365,000	5.20
2011	385,000	5.20
2012	400,000	5.20
2013	425,000	5.20
2014	445,000	5.20
2015	465,000	5.20
2016	490,000	5.20
2019	1,625,000	5.25
2022	1,895,000	5.40
2026	3,040,000	5.60

The 2007D Bonds maturing on or after December 1, 2019, are subject to redemption prior to maturity at the option of the Village, in such principal amounts and from such maturities as the Village shall determine and by lot within a single maturity, on December 1, 2017 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

The 2007D Bonds maturing in the years 2019, 2022 and 2026 are subject to mandatory redemption, in part and by lot, on December 1 of the years and in the respective principal amounts set forth in the following tables, by the application of sinking fund installments, at a redemption price equal to the principal amount thereof to be redeemed:

2019 Bonds		2022 Bonds		2026 Bonds	
Year	Principal Amount	Year	Principal Amount	Year	Principal Amount
2017	\$515,000	2020	\$600,000	2023	\$700,000
2018	540,000	2021	630,000	2024	740,000
				2025	780,000

In our opinion, the Bonds are valid and legally binding general obligations of the Village of Palatine and the Village is obligated to levy ad valorem taxes upon all the taxable property within the Village for the payment of the Bonds and the interest thereon without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

Interest on the Bonds is not exempt from Federal or Illinois income taxes.

Very truly yours,

LG/be

The 2007D Bonds maturing on or after December 1, 2019, are subject to redemption prior to maturity at the option of the Village, in such principal amounts and from such maturities as the Village shall determine and by lot within a single maturity, on December 1, 2017 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed.

The 2007D Bonds maturing in the years 2019, 2022 and 2026 are subject to mandatory redemption, in part and by lot, on December 1 of the years and in the respective principal amounts set forth in the following tables, by the application of sinking fund installments, at a redemption price equal to the principal amount thereof to be redeemed:

2019 Bonds		2022 Bonds		2026 Bonds	
Year	Principal Amount	Year	Principal Amount	Year	Principal Amount
2017	\$515,000	2020	\$600,000	2023	\$700,000
2018	540,000	2021	630,000	2024	740,000
				2025	780,000

In our opinion, the Bonds are valid and legally binding general obligations of the Village of Palatine and the Village is obligated to levy ad valorem taxes upon all the taxable property within the Village for the payment of the Bonds and the interest thereon without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

Interest on the Bonds is not exempt from Federal or Illinois income taxes.

Very truly yours,

LG/be



**FINANCIAL
SECURITY
ASSURANCE®**

**MUNICIPAL BOND
INSURANCE POLICY**

ISSUER:

BONDS:

Policy No.: -M

Effective Date:

Premium: \$

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment on the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment

made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent" for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

[Counter signature]

FINANCIAL SECURITY ASSURANCE INC.

By _____

By _____
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
31 West 52nd Street, New York, N.Y. 10019

(212) 826-0100

Form 500NY (5/90)

APPENDIX E – BOND INSURANCE INFORMATION
(Applicable to Series 2007B and 2007D)

THE BOND INSURER

CIFG Assurance North America, Inc.

The information set forth in the following paragraphs has been provided by CIFG Assurance North America, Inc. ("CIFG" or the "Insurer") for inclusion in this Official Statement. CIFG does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding CIFG set forth under the heading "The Bond Insurer." CIFG makes no representation regarding the Bonds or the advisability of investing in the Bonds.

General

CIFG is a monoline financial guaranty insurance company incorporated under the laws of the State of New York. The address of the principal executive offices of the Insurer is 825 Third Avenue, Sixth Floor, New York, New York 10022; its toll-free telephone number is (866) CIFG-212 and its general telephone number is (212) 909-3939; and its website is located at www.cifg.com.

The Insurer is a member of the CIFG Group of financial guaranty companies, which also includes CIFG Europe, a French insurance company licensed to do business in the European Union, and CIFG Guaranty, a dedicated French reinsurance corporation. In addition to its capital and surplus as set forth below, the Insurer is supported by a net worth maintenance agreement from CIFG Guaranty, which provides that CIFG Guaranty will maintain the Insurer's New York statutory capital and surplus at no less than \$80 million. The Insurer also may cede a substantial portion (not to exceed 90%) of its exposure on each transaction to CIFG Guaranty through a facultative reinsurance agreement.

Each of the Insurer, CIFG Europe and CIFG Guaranty has received an insurer financial strength rating of "AAA" from Fitch, an insurer financial strength rating of "Aaa" from Moody's, and an insurer financial enhancement rating of "AAA" from Standard and Poor's, the highest rating assigned by each rating agency. Each such rating should be evaluated independently. The ratings reflect the respective rating agency's current assessment of each company's capacity to pay claims on a timely basis and are not recommendations to buy, sell or hold the Bonds. Such ratings may be subject to revision or withdrawal at any time.

The Insurer is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York, its state of domicile, and is licensed to do business in 48 jurisdictions. The Insurer is subject to Article 69 of the New York Insurance Law which, among other things, limits the business of such insurers to financial guaranty insurance and related lines, requires that such insurers maintain a minimum surplus to policyholders, establishes contingency, loss and unearned premium reserve requirements for such insurers, and limits the size of individual transactions and the volume of transactions that may be underwritten by such insurers. Other provisions of the New York Insurance Law applicable to non-life insurance companies such as the Insurer regulate, among other things, permitted investments, payment of dividends, transactions with affiliates, mergers, consolidations, acquisitions or sales of assets and incurrence of liabilities for borrowings.

Capitalization. The following tables set forth the capitalization of the Insurer on the basis of accounting principles generally accepted in the United States ("US GAAP") and statutory accounting practices prescribed or permitted by the New York State Insurance Department, respectively.

	US GAAP September 30, 2006 (in thousands of US dollars)	US GAAP December 31, 2005 (in thousands of US dollars)
Total Assets	\$369,050	\$ 324,134
Total Liabilities	\$248,239	\$ 202,042
Shareholder's Equity ...	\$120,811	\$ 122,092
	Statutory Accounting Practices September 30, 2006 (in thousands of US dollars)	Statutory Accounting Practices December 31, 2005 (in thousands of US dollars)
Admitted Assets	\$183,468	\$ 175,333
Liabilities	\$78,045	\$ 66,758
Capital and Surplus	\$105,423	\$ 108,575

For further information concerning the Insurer, see the audited financial statements of the Insurer, including the notes thereto, prepared in accordance with US GAAP as of December 31, 2005 and 2004 and for each of the three years in the period ended December 31, 2005, and the unaudited interim financial statements of the Insurer as of September 30, 2006 and for the nine-month period ended September 30, 2006, which are available on the CIFG Group's website at www.cifg.com. Copies of the most recent audited annual and unaudited interim financial statements of the Insurer prepared in accordance with accounting principles prescribed or permitted by the New York State Insurance Department, are also available on the website and may be obtained, without charge, upon request to the Insurer at its address above, Attention: Finance Department.



CIFG Assurance North America, Inc.
825 Third Avenue, Sixth Floor
New York, NY 10022
For information, contact (212) 909-3939
Toll-free (866) 243-4212

FINANCIAL GUARANTY INSURANCE POLICY

ISSUER: _____

Policy No.: CIFG NA-##

CUSIP: _____

Effective Date: _____, 200__

OBLIGATIONS: _____

CIFG ASSURANCE NORTH AMERICA, INC. ("CIFG NA"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY GUARANTEES to each Policyholder, subject only to the terms and conditions of this Policy (which includes each endorsement hereto), the full and complete payment by or on behalf of the Issuer of Regular Payments of principal of and interest on the Obligations.

For the further protection of each Policyholder, CIFG NA irrevocably and unconditionally guarantees:

(1) payment of any amount required to be paid under this Policy by CIFG NA following CIFG NA's receipt of notice and instruments of assignment as described in Endorsement No. 1 hereto and

(2) payment of the amount of any distribution of principal of and interest on the Obligations made during the Term of this Policy to such Policyholder that is subsequently avoided in whole or in part as a preference payment under applicable law, all as described in Endorsement No. 1 hereto.

CIFG NA shall be subrogated to the rights of each Policyholder to receive payments under the Obligations to the extent of any payment by CIFG NA hereunder. Upon disbursement in respect of an Obligation, CIFG NA shall become the owner of the Obligation, appurtenant coupon, if any, and all rights to payment of principal thereof or interest thereon.

The following terms shall have the meanings specified below, subject to and including any modifications set forth in any endorsement hereto, for all purposes of this Policy. "Effective Date," "Issuer" and "Obligations" mean, respectively, the Effective Date, Issuer and Obligations referenced above. "Policyholder" means; if the Obligations are in book-entry form, the registered owner of any Obligation as indicated on the registration books maintained by or on behalf of the Issuer for such purpose or, if the Obligations are in bearer form, the holder of any Obligation; provided, however, that any trustee acting on behalf of and for the benefit of such registered owner or holder shall be deemed to be the Policyholder to the extent of such trustee's authority. "Regular Payments" means payments of interest and principal which are agreed to be made during the Term of this Policy in accordance with the original terms of the Obligations when issued and without regard to any amendment or modification of such Obligations thereafter; payments which become due on an accelerated basis as a result of (a) a default by the Issuer or any other person, (b) an election by the Issuer to pay principal or other amounts on an accelerated basis or (c) any other cause, shall not constitute "Regular Payments" unless CIFG NA shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration. "Term of this Policy" has the meaning set forth in Endorsement No. 1 hereto.

This Policy sets forth in full the undertaking of CIFG NA, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto or to the Obligations (except a contemporaneous or subsequent agreement or instrument given by CIFG NA or to which CIFG NA has given its written consent) or by the merger, consolidation or dissolution of the Issuer. The premiums paid in respect of this Policy are nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Obligations prior to maturity. This Policy may not be cancelled or revoked during the Term of this Policy, including for nonpayment of premium due to CIFG NA. Payments under this Policy may not be accelerated except at the sole option of CIFG NA.

In witness whereof, CIFG ASSURANCE NORTH AMERICA, INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

CIFG ASSURANCE NORTH AMERICA, INC.

By _____
Authorized Officer

CIFGNA Bonds-1 (8-04)



998 Corporate Boulevard • Aurora, IL 60502

*Members of American Institute of
Certified Public Accountants &
Illinois CPA Society*

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION

The Honorable Mayor
Members of the Village Council
Village of Palatine, Illinois

We have audited the accompanying schedule of revenues and other sources, expenditures and other financing uses and changes in fund balances of the Dundee Road and Rand/Dundee Tax Increment Financing District Fund, Downtown Tax Increment Financing District Fund, and the Rand Road Corridor Tax Increment Financing District Fund of the Village of Palatine, Illinois for the year ended December 31, 2007. These financial statements are the responsibility of the Village of Palatine, Illinois' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimated made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying financial statements present only the Dundee Road and Rand/Dundee Tax Increment Financing District Fund, Downtown Tax Increment Financing District Fund, and the Rand Road Corridor Tax Increment Financing District Fund and are not intended to present fairly the financial position and changes in financial position of the Village of Palatine, Illinois in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the changes in financial position of the Dundee Road and Rand/Dundee Tax Increment Financing District Fund, Downtown Tax Increment Financing District Fund, and the Rand Road Corridor Tax Increment Financing District Fund of the Village of Palatine, Illinois for the year ended December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads 'Sikich LLP'.

Aurora, Illinois
June 12, 2008

VILLAGE OF PALATINE, ILLINOIS

TAX INCREMENT FINANCING DISTRICTS FUNDS

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES,
EXPENDITURES AND OTHER FINANCING USES
AND CHANGES IN FUND BALANCES

For the Year Ended
December 31, 2007

	Dundee Road and Rand/Dundee TIF	Downtown TIF	Rand Road Corridor TIF
REVENUES AND OTHER FINANCING SOURCES			
Property taxes			
Rand/Dundee TIF	\$ 3,448,785	\$ -	\$ -
Downtown TIF	-	4,247,090	-
Rand Road Corridor TIF	-	-	2,653,053
Bond proceeds	-	7,700,000	11,100,000
Premium on bonds issued	-	2,885	9,605
Investment income	527,585	191,900	187,462
Miscellaneous	-	800	-
Total revenues	3,976,370	12,142,675	13,950,120
EXPENDITURES AND OTHER FINANCING USES			
Capital outlay			
Economic development	-	990,390	1,800,304
Administration	-	43,446	33,329
Debt service			
Principal	1,020,000	1,655,616	3,062,783
Interest and fiscal charges	705,320	2,000,923	600,845
Issuance costs	-	61,150	92,828
Discount on bonds issued	-	18,512	24,947
Total expenditures	1,725,320	4,770,037	5,615,036
NET CHANGES IN FUND BALANCES	2,251,050	7,372,638	8,335,084
FUND BALANCES, JANUARY 1	10,337,685	(731,475)	5,175,681
FUND BALANCES, DECEMBER 31	\$ 12,588,735	\$ 6,641,163	\$ 13,510,765

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS
TAX INCREMENT FINANCING DISTRICTS FUNDS
SCHEDULE OF FUND BALANCES BY SOURCE

For the Year Ended
December 31, 2007

	Dundee Road and Rand/Dundee TIF	Downtown TIF	Rand Road Corridor TIF
BEGINNING BALANCES, JANUARY 1, 2007	\$ 10,337,685	\$ (731,475)	\$ 5,175,681
ADDITIONS			
Property taxes			
Dundee Road TIF	3,448,785	-	-
Downtown TIF	-	4,247,090	-
Rand Road Corridor TIF	-	-	2,653,053
Bond proceeds	-	7,700,000	11,100,000
Premium on bonds issued	-	2,885	9,605
Investment income	527,585	191,900	187,462
Miscellaneous	-	800	-
Total additions	3,976,370	12,142,675	13,950,120
BEGINNING BALANCES PLUS ADDITIONS	14,314,055	11,411,200	19,125,801
DEDUCTIONS			
Economic development			
Project expenses	-	990,390	1,800,304
Administration	-	43,446	33,329
Debt service			
Principal	1,020,000	1,655,616	3,062,783
Interest and fiscal charges	705,320	2,000,923	600,845
Issuance costs	-	61,150	92,828
Discount on bonds issued	-	18,512	24,947
Total deductions	1,725,320	4,770,037	5,615,036
ENDING BALANCES, DECEMBER 31, 2007	\$ 12,588,735	\$ 6,641,163	\$ 13,510,765
ENDING BALANCES BY SOURCE			
Property taxes	\$ 9,110,567	\$ 95,005	\$ 1,817,470
Investment income	3,478,168	757,172	303,243
Proceeds from land held for resale	-	5,788,986	11,390,052
Subtotal	12,588,735	6,641,163	13,510,765
Less Surplus Funds	-	-	-
ENDING BALANCES, DECEMBER 31, 2007	\$ 12,588,735	\$ 6,641,163	\$ 13,510,765

(See independent auditor's report.)



998 Corporate Boulevard • Aurora, IL 60502

*Members of American Institute of
Certified Public Accountants &
Illinois CPA Society*

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH PUBLIC ACT 85-1142

The Honorable Mayor
Members of the Village Council
Village of Palatine, Illinois

We have audited the basic, combining and individual fund financial statements of the Village of Palatine, Illinois, as of and for the year ended December 31, 2007, and have issued our separate report thereon dated June 12, 2008. These financial statements are the responsibility of the Village of Palatine, Illinois' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have also audited the Village of Palatine's compliance with the provisions of subsection (q) of Illinois Compiled Statutes 65 (ILCS) 5/11-74.43 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) for the year ended December 31, 2007, for the Dundee Road and Rand/Dundee Tax Increment Financing District Fund, Downtown Tax Increment Financing District Fund, and the Rand Road Corridor Tax Increment Financing District Fund. The management of the Village of Palatine, Illinois, is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Village of Palatine, Illinois' compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Village of Palatine, Illinois, complied, in all material respects, with the requirements of subsection (q) of Illinois Compiled Statutes 65 (ILCS) 5/11-74.43 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) for the year ended December 31, 2007, for the Dundee Road and Rand/Dundee Tax Increment Financing District Fund, Downtown Tax Increment Financing District Fund, and the Rand Road Corridor Tax Increment Financing District Fund.

A handwritten signature in cursive script, appearing to read 'Sikich LLP'.

Aurora, Illinois
June 12, 2008