

FY 2011 ANNUAL TAX INCREMENT FINANCE REPORT

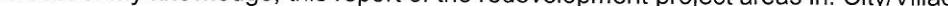


STATE OF ILLINOIS
COMPTROLLER
JUDY BAAR TOPINKA

Name of Municipality: Village of Palatine Reporting Fiscal Year: 2011
County: Cook Fiscal Year End: 12/31/2011
Unit Code: 016/430/32

TIF Administrator Contact Information

First Name: Reid Last Name: Ottesen
Address: 200 E Wood Street Title: Village Manager
Telephone: 847-359-9031 City: Palatine Zip: 60067
E-Mail: findept@palatine.il.us

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 5/11-74.4-3 et. seq.] Or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6 10 et. seq.] 

Written signature of TIF Administrator

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 ONE FOR EACH TIE DISTRICT

*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 Road Corridor TIF
Primary Use of Redevelopment Project Area*:	Retail
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 _____	

	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
A list of all intergovernmental agreements in effect in FY 2010, to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)]		
If yes, please enclose list only of the intergovernmental agreements labeled Attachment M	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	\$ 11,662,835	

Revenue/Cash Receipts Deposited in Fund During Reporting FY:

	\$	%	% of Total
Property Tax Increment	3,052,617	\$ 19,007,534	40%
State Sales Tax Increment	-	-	0%
Local Sales Tax Increment	-	-	0%
State Utility Tax Increment	-	-	0%
Local Utility Tax Increment	-	-	0%
Interest	956	\$ 355,399	1%
Land/Building Sale Proceeds	-	-	0%
Bond Proceeds	\$ -	\$ 25,625,000	54%
Transfers from Municipal Sources	\$ -	\$ 2,239,452	5%
Private Sources	-	-	0%
Other (identify source _____; if multiple other sources, attach schedule)	-	-	0%

Total Amount Deposited in Special Tax Allocation**Fund During Reporting Period** \$ 3,053,573**Cumulative Total Revenues/Cash Receipts** \$ 47,227,385 100%**Total Expenditures/Cash Disbursements** (Carried forward from Section 3.2) \$ 2,368,553**Distribution of Surplus** \$ -**Total Expenditures/Disbursements** \$ 2,368,553**NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS** \$ 685,020**FUND BALANCE, END OF REPORTING PERIOD** \$ 12,347,855

- 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 & Other Professional Fees	20,941
	\$ 20,941
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)	
	\$ -
4. Costs of rehabilitation, reconstruction, repair or remodeling and replacement of existing public buildings. Subsection (q)(3) and (o)(4)	
Rehabilitation, Reconstruction and Repairs	876,933
	\$ 876,933
5. Costs of construction of public works and improvements. Subsection (q)(4) and (o)(5)	
Infrastructure Improvements (streets, watermains, etc.)	55,261
	\$ 55,261
6. Costs of removing contaminants required by environmental laws or rules (o)(6) - Industrial Jobs Recovery TIFs ONLY	
	\$ -

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.

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**

\$ 12,347,855

	Amount of Original Issuance	Amount Designated
1. Description of Debt Obligations		
General Obligation Bond Series of 2007C	\$ 1,215,000	\$ 1,015,000
Taxable General Obligation Bond Series of 2007D	\$ 9,885,000	\$ 8,785,000
General Obligation Bond Series of 2009B	\$ 8,000,000	\$ 8,000,000

Total Amount Designated for Obligations

\$ 19,100,000	\$ 17,800,000
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2. Description of Project Costs to be Paid

Total Amount Designated for Project Costs

\$ -

TOTAL AMOUNT DESIGNATED

\$ 17,800,000

SURPLUS*/(DEFICIT)

\$ (5,452,145)

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

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.

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

Property Acquired by the Municipality Within the Redevelopment Project Area

Property (1):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (2):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

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)	\$ 36,094,493	\$ -	\$ 36,094,493
Public Investment Undertaken	\$ 30,382,599	\$ -	\$ 30,472,293
Ratio of Private/Public Investment	1.19		1.18
Project 1: Walmart			
Private Investment Undertaken (See Instructions)	\$ 10,044,493	\$ -	\$ 10,044,493
Public Investment Undertaken	\$ 3,865,775	\$ -	\$ 3,865,775
Ratio of Private/Public Investment	2.60		2.60
Project 2: Foxfire/Caputo's			
Private Investment Undertaken (See Instructions)	\$ 3,300,000	\$ -	\$ 3,300,000
Public Investment Undertaken	\$ 901,601	\$ -	\$ 941,295
Ratio of Private/Public Investment	3.66		3.51
Project 3: Arlington Toyota			
Private Investment Undertaken (See Instructions)	\$ 10,000,000	\$ -	\$ 10,000,000
Public Investment Undertaken	\$ 13,086,705	\$ -	\$ 13,086,705
Ratio of Private/Public Investment	0.76		0.76
Project 4: Tore & Luke's			
Private Investment Undertaken (See Instructions)	\$ 1,500,000	\$ -	\$ 1,500,000
Public Investment Undertaken	\$ 1,066,390	\$ -	\$ 1,066,390
Ratio of Private/Public Investment	1.41		1.41
Project 5: General Public Improvements			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 426,371	\$ -	\$ 426,371
Ratio of Private/Public Investment	0.00		0.00
Project 6: White Castle			
Private Investment Undertaken (See Instructions)	\$ 1,500,000	\$ -	\$ 1,500,000
Public Investment Undertaken	\$ 121,520	\$ -	\$ 121,520
Ratio of Private/Public Investment	12.34		12.34
Project 7: Harley Davidson			
Private Investment Undertaken (See Instructions)	\$ 7,000,000	\$ -	\$ 7,000,000
Public Investment Undertaken	\$ 2,600,000	\$ -	\$ 2,600,000
Ratio of Private/Public Investment	2.69		2.69

Project 8: Menards Site	
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Private Investment Undertaken (See Instructions)			\$	-
Public Investment Undertaken	\$ 8,210,100	\$ -	\$	8,210,100
Ratio of Private/Public Investment	0.00			0.00

Project 9: Thrifty Car Sales	
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Private Investment Undertaken (See Instructions)	\$ 1,900,000	\$ -	\$ 1,900,000
Public Investment Undertaken	\$ 29,137	\$ -	\$ 29,137
Ratio of Private/Public Investment	65.21		65.21

Project 10: Sonic Restaurant	
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Private Investment Undertaken (See Instructions)	\$ 850,000	\$ -	\$ 850,000
Public Investment Undertaken	\$ 75,000	\$ -	\$ 125,000
Ratio of Private/Public Investment	11.33		6.80

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
2003	\$ 53,566,271	\$ 93,884,659

List all overlapping tax districts in the redevelopment project area.

If overlapping taxing district received a surplus, list the surplus.

X The overlapping taxing districts did not receive a surplus.

Overlapping Taxing District	Surplus Distributed from redevelopment project area to overlapping districts
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SECTION 7

Provide information about job creation and retention

SECTION 8

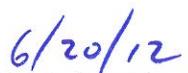
Provide a general description of the redevelopment project area using only major boundaries:

<table border="1"> <tr> <td>Optional Documents</td><td>Enclosed</td><td></td></tr> <tr> <td>Legal description of redevelopment project area</td><td></td><td></td></tr> <tr> <td>Map of District</td><td></td><td></td></tr> </table>			Optional Documents	Enclosed		Legal description of redevelopment project area			Map of District		
Optional Documents	Enclosed										
Legal description of redevelopment project area											
Map of District											

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER

I, Jim Schwantz, 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, 2011 and ending December 31, 2011.


Jim Schwantz
Mayor


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, 2011 and ending December 31, 2011, to the best of my knowledge and belief.

Robert C. Kenny
Robert C. Kenny
Village Attorney

6/22/12
Date

Activities Undertaken in Furtherance of the Objectives of the Redevelopment Plan

Firestone/Bridgestone: In 2007, the Village acquired an approximately 4.5 acre vacant parcel at the northwest corner of Rand Road and Spruce Drive. In 2008, a portion of the property was transferred to Tore & Luke's restaurant in conjunction with the acquisition of their former site at the corner of Rand Road and Hicks Road. This previous transaction resulted in the relocation and expansion of Tore & Luke's restaurant as well as the development of the new Arlington Toyota dealership. As no specific development proposal came to fruition, the property was then openly listed with a commercial real estate broker in an effort to attract a use(s) for the remainder of the site. The Village was contacted in 2010 by Bridgestone Retail Operations, LLC for development of a Firestone tire store. Bridgestone has obtained all of their zoning and subdivision approvals and it is anticipated that they will close on the property by the end of 2012.

The City Limits Harley-Davidson Dealership completed the construction of their new dealership and the store opened in the fall of 2011. In addition, the owner of the dealership opened a restaurant on an adjacent property.

The Village has continued its efforts in marketing the former Menard's site. In addition, the Village has been working with property owners from within the TIF in regards to the potential redevelopment opportunities.

ORDINANCE NO. 0-4-11

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

**Published in pamphlet form by authority of the
Mayor and Village Council of the Village of Palatine
on January 3, 2011**

ORDINANCE NO. 0-4-11

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE
A SECOND AMENDMENT TO A REDEVELOPMENT AGREEMENT
BETWEEN THE VILLAGE OF PALATINE AND OAG MOTORCYCLE
VENTURES, INC. (D/B/A CITY LIMITS 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, pursuant to Ordinance #0-91-07, the Village of Palatine entered into a Redevelopment Agreement with OAG Motorcycle Ventures, Inc. (d/b/a Suburban Harley-Davidson, Inc.) and Lone Star Cardinal Motorcycle Ventures IV, LLC dated June 11, 2007, for the property located at 2009, 2011 and 2015 N. Rand Road; and

WHEREAS, pursuant to Ordinance #0-104-09, the Village entered into a First Amendment to the Redevelopment Agreement with OAG Motorcycle Ventures, Inc. (d/b/a Suburban Harley-Davidson, Inc.) and Lone Star Cardinal Motorcycle Ventures IV, LLC dated August 17, 2009; and

WHEREAS, the Mayor and Village Council have on January 3, 2011, considered the proposed Second Amendment to Redevelopment Agreement with OAG Motorcycle Ventures, Inc. (d/b/a City Limits Harley-Davidson, Inc.) and Lone Star Cardinal Motorcycle Ventures IV, LLC, and have determined that entering into this Second Agreement furthers the purposes of the Tax Increment Financing

District and the Redevelopment Plan for the Rand Road Corridor 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 Second 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 3rd day of January, 2011

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

APPROVED by me this 3rd day of January, 2011



Mayor of the Village of Palatine

ATTESTED and FILED in the office of the Village Clerk this 3rd day of January, 2011



Village Clerk

SECOND AMENDMENT TO
REDEVELOPMENT AGREEMENT

THIS SECOND AMENDMENT TO REDEVELOPMENT AGREEMENT

(this "Amendment"), is made and entered into as of the 3rd day of January, 2011 ("Amendment Date") by and between the **VILLAGE OF PALATINE, ILLINOIS**, an Illinois municipal home rule corporation, located in Cook County, Illinois (the "Village") and **OAG MOTORCYCLE VENTURES, INC. (D.B.A. CITY LIMITS 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").

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, 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 11th day of June, 2007 (the "Original Redevelopment Agreement"); and

WHEREAS, the parties hereto previously entered into that certain First Amendment to Redevelopment Agreement dated as of the 17th day of August, 2009 (the "First Amendment"); and

WHEREAS, the parties now wish to further amend Section 8.6 (b) of the Original Redevelopment Agreement (as amended per the First Amendment) as provided herein below ("Second Amendment"); and

WHEREAS, the terms of the Original Redevelopment Agreement and First Amendment shall remain in full force and effect except with respect to the Sections amended in this Second Amendment; and

WHEREAS, this Second 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 Second 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 Second Amendment have been undertaken and performed in the manner required by law; and

WHEREAS, this Second Agreement has been submitted to the Managers of Developer for consideration and review, all of such Managers have taken all actions required to be taken prior to the execution of this Second Amendment in order to make the same binding upon the Developer according to the terms hereof, and any and all action of the Managers of the Developer precedent to the execution of this Second Amendment 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

The findings, representations and agreements set forth in the above Recitals are material to this Second Amendment and are hereby incorporated into and made a part of this Second 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

For the purposes of this Agreement, unless the context clearly requires otherwise, words and terms used in this Second Amendment shall have the meanings provided in the Original Redevelopment Agreement.

ARTICLE THREE

Exhibit B entitled Development Schedule shall be replaced in its entirety with the following matrix:

ACTION:	TARGET DATE:	DEFAULT DATE:	PENALTY
Obtain Final PD Agreement	September 30, 2007	November 15, 2007	Completed
Close on Property	October 31, 2007	December 15, 2007	Completed
Apply for Building Permit H-D	June 30, 2008	September 30, 2008	Completed
Complete H-D Building Foundation	December 31, 2008	May 30, 2009	Completed
Complete the Project and Open for Business	December 31, 2009	July 31, 2011	Subject to the Provisions Below

The Developer shall be subject to a penalty of \$25,000 for each month, or prorated portion thereof, that the project's completion date extends beyond the default date of July 31, 2011. The total penalty amount shall be deducted from the amount owed by the Village per Section 8.6 (b) of the Original Agreement (as amended per the First Amendment).

The "Military Deployment" condition set forth in the Agreement and more specifically stated in Section 7.4 and further referenced in Section 9.21 and 10.2 which allowed for delays in the construction schedule shall not apply to extend the Default Date for the completion of the Project or the Default Date for opening for business.

ARTICLE FOUR

4.1 Time of the Essence. Time is of the essence of this Amendment.

4.2 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.

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

4.4 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.

4.5 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.

4.6 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.

4.7 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, manager, agent, employee or attorney of the Village or Developer, in his or her individual capacity, and no official, officer, partner, member, director, manager, 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.

4.8 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 or the Original Redevelopment Agreement.

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

4.10 **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

DEVELOPER:

LONE STAR-CARDINAL MOTORCYCLE
VENTURES IV, LLC

By:

Name: Anthony G. ("Ozzie") Giglio

Its: President


Doris K. Sadik
Notary Public

TENANT:

OAG MOTORCYCLE VENTURES,
INC. (dba City Limits Harley-
Davidson, Inc)

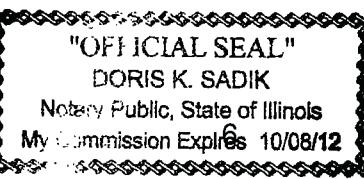
By:

Name: Anthony G. ("Ozzie") Giglio

Its: President

State of Illinois
County of Cook

This instrument was acknowledged
before me on 2/9/11 by
Anthony Giglio name of person.



Attachment E - 1

TYPE: ORDINANCE **SUBMITTED BY: ADMINISTRATION** **DATE: 1/3/2011**

DESCRIPTION: Consider an Ordinance authorizing the Mayor to execute a Second Amendment to the Redevelopment Agreement with OAG Motorcycle Ventures, Inc (D.B.A. City Limits Harley-Davidson, Inc.) and Lone Star-Cardinal Motorcycle Ventures IV, LLC for the properties located at 2009, 2011 & 2015 N. Rand Road.

(OAG Motorcycle Ventures, Inc. & Lone Star-Cardinal Motorcycle Ventures IV, LLC) (District: 4)

COMMITTEE ACTION:

DATE:

BACKGROUND:

In 2007 the Village Council approved a Redevelopment Agreement to help facilitate the relocation and expansion of the existing City Limits Harley-Davidson motorcycle dealership within the Village of Palatine. In 2009, an Amendment to the Redevelopment Agreement was approved to help address some extraordinary construction costs that resulted from poor soils within the property. While construction of the dealership is well underway at this point, the start of construction was delayed due to a variety of issues (including litigation with the contractor and subcontractors, and an unexpected military deployment for the Owner). Due to these circumstances the Petitioner is requesting approval of the following:

Ordinance authorizing the Mayor to execute a Second Amendment to the Redevelopment Agreement with OAG Motorcycle Venture, Inc. and Lone Star-Cardinal Motorcycle Ventures IV, LLC.

KEY ISSUES:

Petitioner Obligations:

- ✓ Complete construction of the motorcycle dealership and be open for business by July 31, 2011 (the previous deadline was March 31, 2011).

Financial Summary:

- ✓ The previous Amendment allowed for the payment of up to \$250,000 in TIF assistance to cover site preparation costs. This financial assistance was to be paid upon the dealership opening for business in their new building. The proposed Second Amendment would reduce this amount of assistance by \$25,000 for each month following July 31, 2011 that the dealership is not open in their new building.
- ✓ While the request will shift the target completion date from March 31, 2011 to July 31, 2011, the project would still be completed within the same year (thus minimizing any potential impact on the anticipated property tax increment). The proposed penalty would also help to offset any potential loss in increment if the project were not completed by July 31, 2011.

ALTERNATIVES:

1. Recommend approval of the Ordinance
2. Do not recommend approval of the Ordinance

RECOMMENDATION:

Staff recommends approval of an Ordinance authorizing the Mayor to execute a Second Amendment to the Redevelopment Agreement with OAG Motorcycle Venture, Inc. and Lone Star-Cardinal Motorcycle Ventures IV, LLC for the properties located at 2009, 2011 & 2015 N. Rand Road.

ACTION REQUIRED:

Motion to recommend approval of an Ordinance authorizing the Mayor to execute a Second Amendment to the Redevelopment Agreement with OAG Motorcycle Venture, Inc. and Lone Star-Cardinal Motorcycle Ventures IV, LLC for the properties located at 2009, 2011 & 2015 N. Rand Road.



ATTORNEYS AND COUNSELORS

STEPHEN E. RYD
NINA C. RAPHAEL

1900 SPRING ROAD
SUITE 216
OAK BROOK, ILLINOIS 60523

PHONE
(630) 684-0084
FAX
(630) 684-0088

December 9, 2010

VIA EMAIL & FEDERAL EXPRESS

Mr. Michael Jacobs
Village of Palatine
200 East Wood Street
Palatine, Illinois 60067

Re: 2009-2015 Rand Road
City Limits Harley Project

Dear Mike:

As you are aware, Lone Star-Cardinal Motorcycle Ventures IV, LLC ("Lone Star") has experienced a number of significant issues this past year that have adversely impacted the construction timeline for the City Limits Harley Project. Those issues include (i) litigation with the contractor and a number of subcontractors due to disputes arising between the contractor and certain of its subcontractors with respect to work performed to clean-up unsuitable site/soil conditions; (ii) the unexpected extended redeployment of Ozzie Giglio to Afghanistan; (iii) the substantially depressed economic conditions that have affected all businesses and construction projects; and (iv) a dramatic increase in the anticipated materials and other costs of the project of almost \$900,000 since the original contract date and nearly \$600,000 this past year. (Lone Star's contract calls for a fixed fee maximum which has forced the Contractor to rebid many aspects of the project in an attempt to minimize the impact of such cost increases).

The good news is that we have been successful in dealing with most of the issues that have delayed construction and are currently charging full-steam ahead towards completion. However, as a result of the above-referenced issues and the significant unexpected delays associated therewith, Lone Star is concerned about their ability to meet their targets under the Redevelopment Agreement (the "RDA") for the "Building Fully Enclosed Date" (December 31, 2010) and the "Final Completion Date" (March 31, 2011). Per your request, I have enclosed herewith an update Construction Schedule together with a narrative prepared by the current construction manager which (a) highlights some of the additional weather-related construction delays and (b) provides additional details relating to the current construction progress. As you can see, the construction manager now anticipates the building could be "under roof" by year-end and completed and ready for occupancy by mid-May, 2011.

RYD LAW GROUP, P.C.

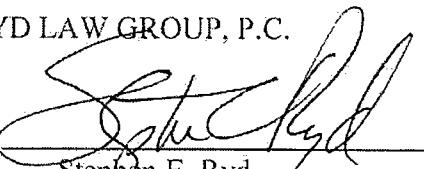
Mr. Michael Jacobs
December 9, 2010
Page 2 of 2

Lone Star has been working diligently and in good faith to resolve these issues and therefore requests that the Village agree to an amendment to the RDA that (i) eliminates the December 31, 2010 "Building Fully Enclosed" deadline and associated penalty amount and (ii) extends the "Final Completion Date" to July 31, 2011. Lone Star recognizes the importance of meeting this final, extended deadline and therefore is willing to stipulate that in the event the dealership is not "open for business" on or before July 31, 2011, then the Villages' obligation to provide the \$250,000 of additional assistance agreed upon in the First Amendment to the RDA will be reduced at the rate of \$25,000 for each month after July 31, 2011 that Lone Star is not operating its business on the property.

Your prompt consideration of this request would be greatly appreciated. If you have any questions or need any further information, please do not hesitate to call.

Very truly yours,

RYD LAW GROUP, P.C.

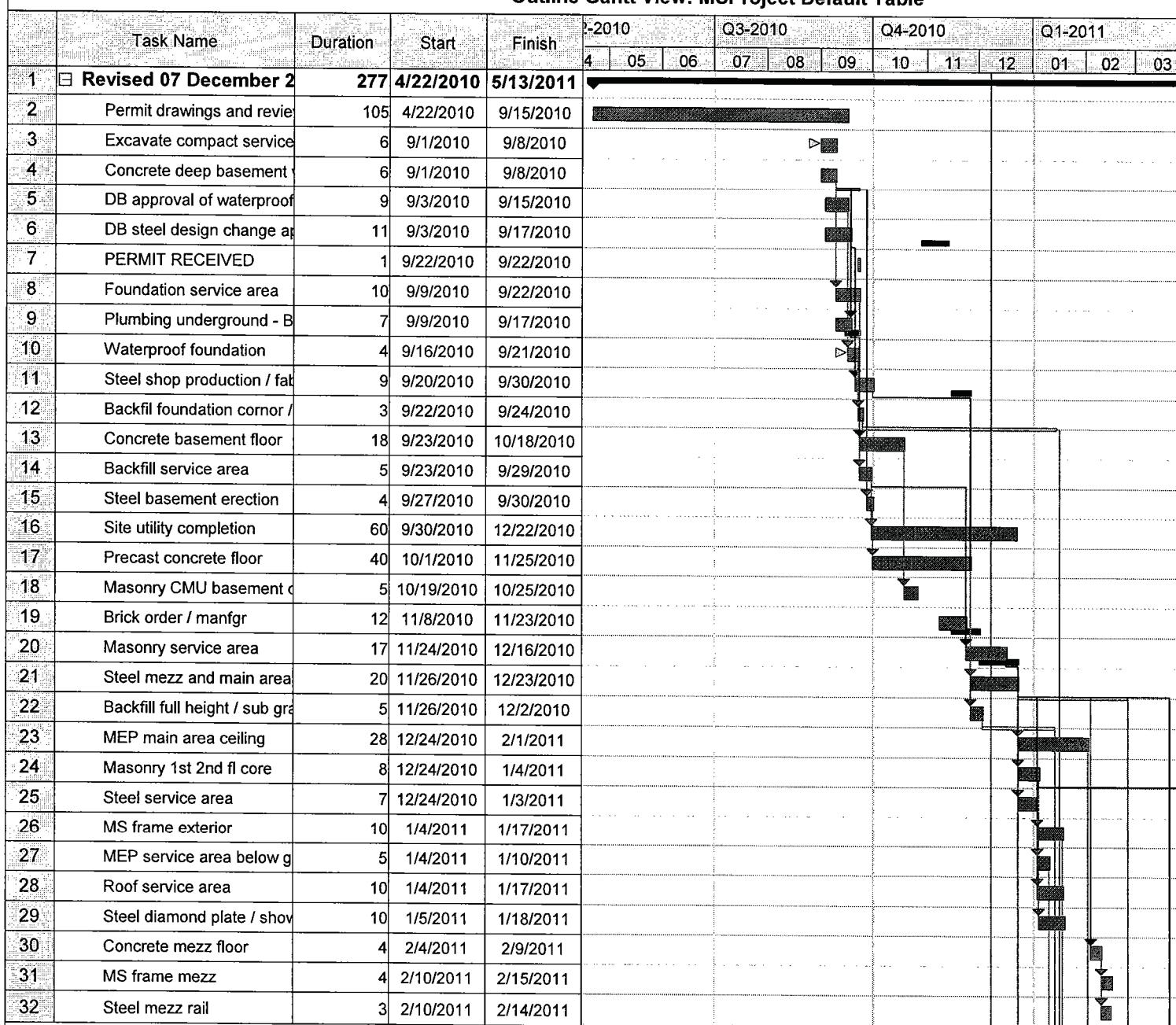
By 
Stephen E. Ryd

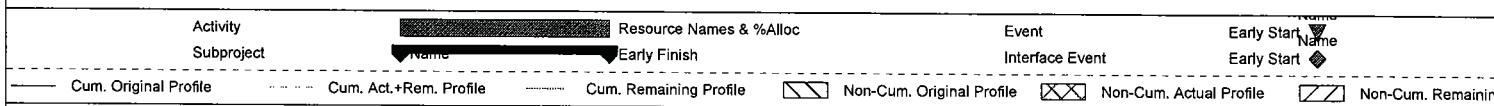
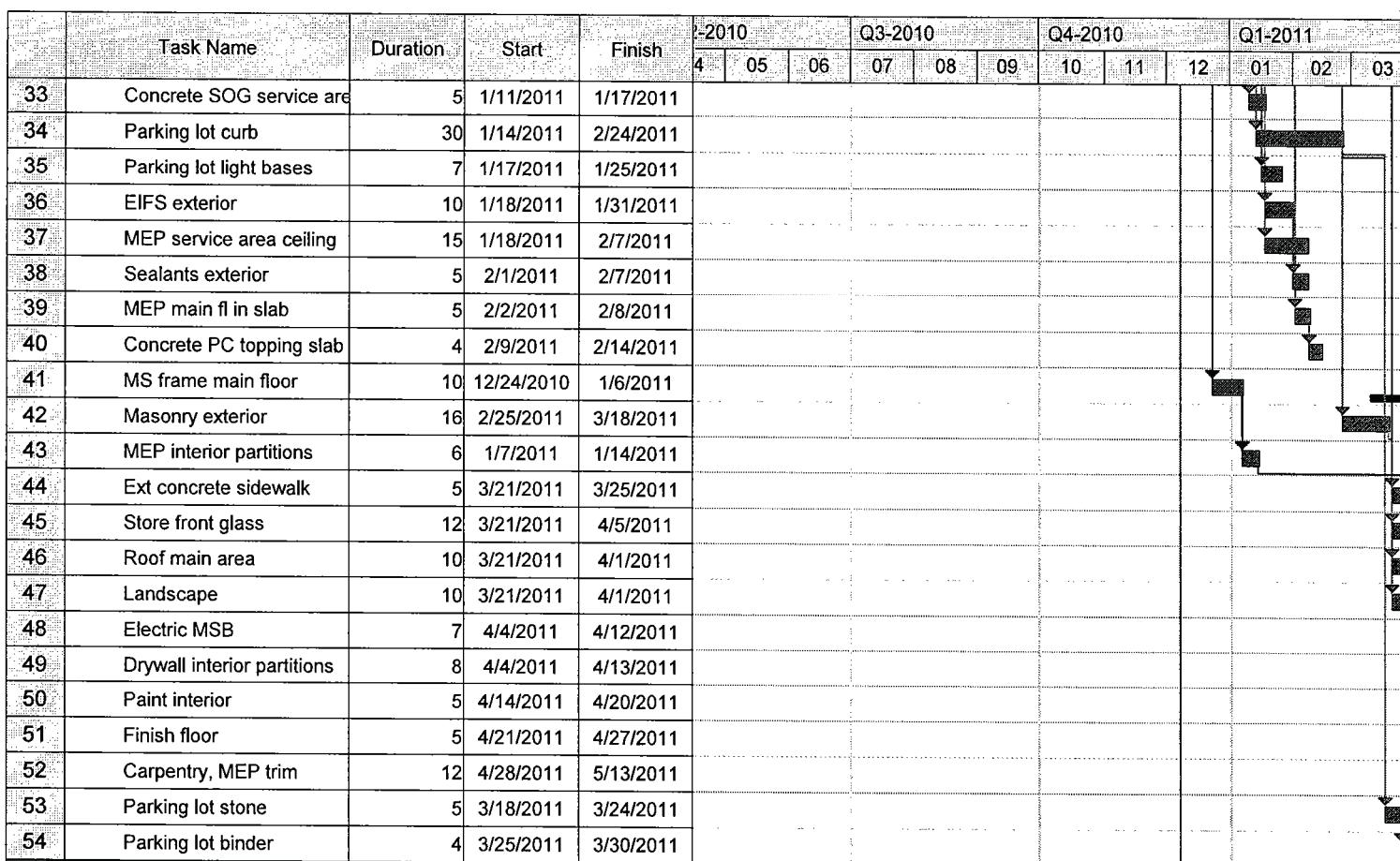
SER/mw
Enclosures

cc: Ozzie Giglio

Start: 4/22/2010
Finish: 5/14/2011

Harley Davidson : Revised 07 December 2010
Outline Gantt View: MSProject Default Table





Filtered by <All Objects> and Sorted by MSPProject Early Start

Page 2 of 2

Specialty Contractors, Inc.

**City Limits Harley – Davidson, Palatine, Illinois
Construction Schedule report 07 December 2010 (CPM Schedule Attached)**



This schedule revision has a significantly impacted completion date due to the abrupt and unseasonable single digit temperatures. Previous schedule versions contemplated typical weather temperature patterns which provide average daily temperatures rising from not less than 25 deg F until late December.

Schedule Narrative:

Prior to receipt of full building permit the project was approximately 10% complete (by completed construction dollar value).

Full building permit was issued 21 September 2010

As of this writing project completion is approximately 42% (by completed construction dollar value).

Construction pace prior to cold weather restrictions (26 November 2010) has been 3.4% per week.

Building shell and core completion would occur at approximately 54% complete

Without unseasonable cold weather event building shell completion would have occurred approximately 3.54 weeks (extended from actual construction completion pace) from 26 November 2010 or **22 December 2010**

Structural steel is currently erected with roof structural elements (including bar joists, see photo) in place. Roofing decking is currently on site. Decking duration is approximately 5- 7 days. We are not allowing steel erection to occur in temperatures below 15 deg F, however we are expecting at least 7 days of temperatures above 15 deg F which will have the building **“under roof” by year end**. See schedule task **“steel mezz and main area”**

We are not allowing above grade masonry to continue below 25 deg F. Masonry council technical notes on cold weather construction are being followed for placement above 25 deg F and rising. Schedule has been negatively impacted rather than risk of compromise to structural integrity. See **weather lag added to schedule task “masonry exterior”**.

Basement floor and precast deck are in place to provide lateral support to basement walls. See **“concrete basement floor”, “precast concrete floor”**

**SpecialtyContrs.com
8425 Pyott Road Lake in the Hills, IL 60156
815-459-3350 Fax 815-459-0192**

Specialty Contractors, Inc.

Backfill critical to provide ground cover over frost depth footings has been completed.
See task(s) "backfill service area", "backfill full height"

Weather lag has been added to all tasks related to bituminous paving.

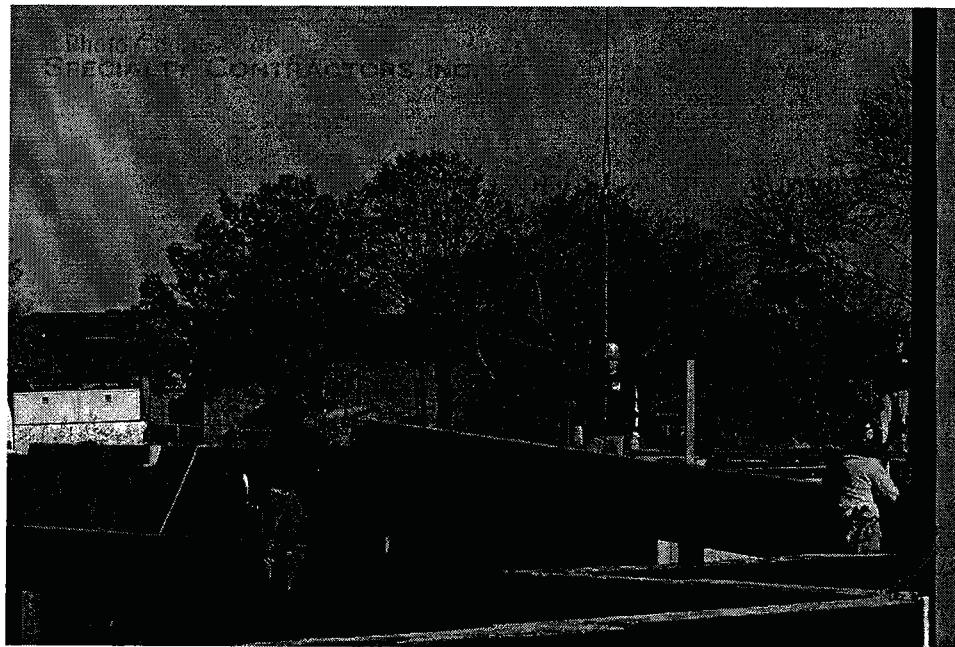
Weather lag has been added to schedule tasks "*concrete mezz floor*", "*concrete PC topping slab*"

Supporting Photographs (chronology oldest to most recent):



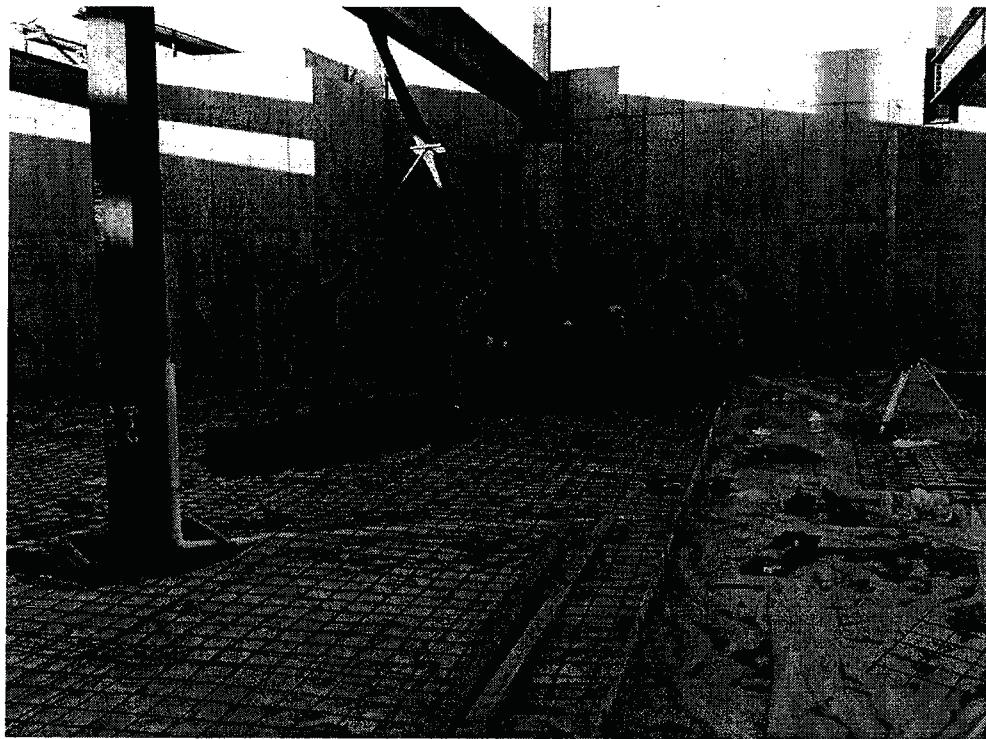
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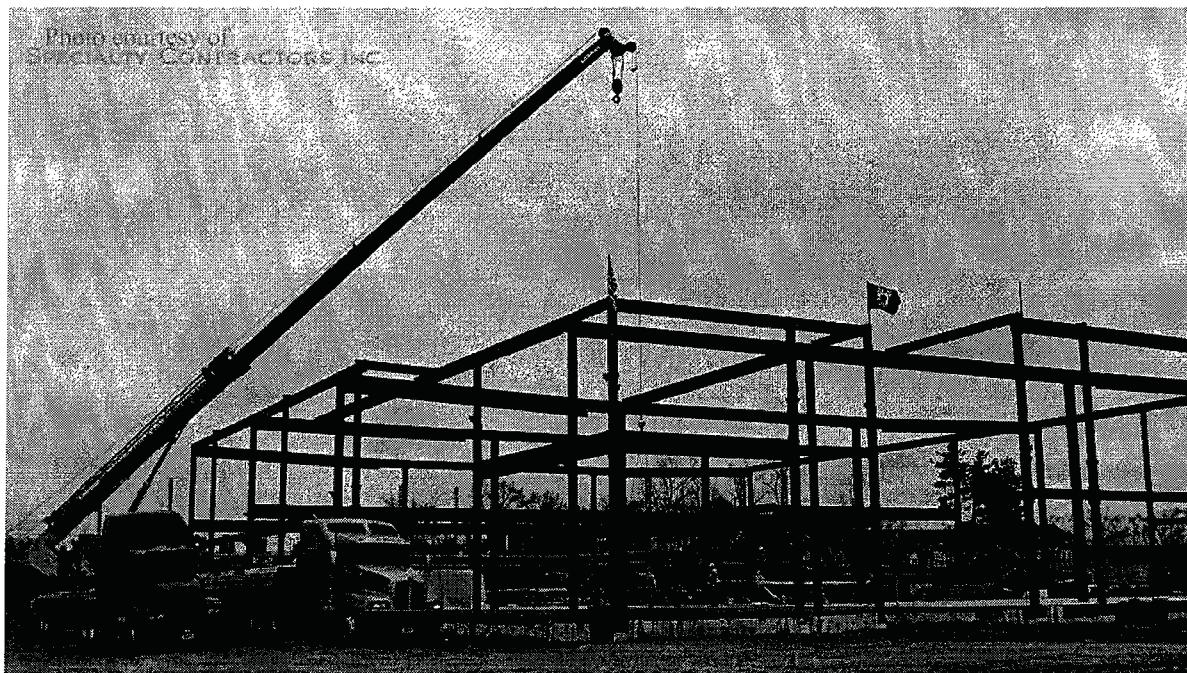
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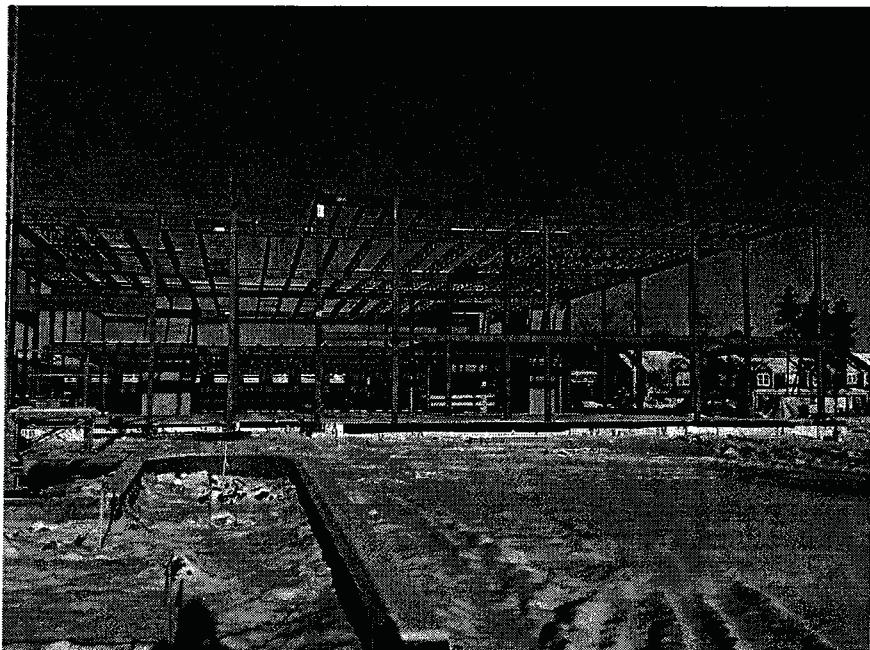
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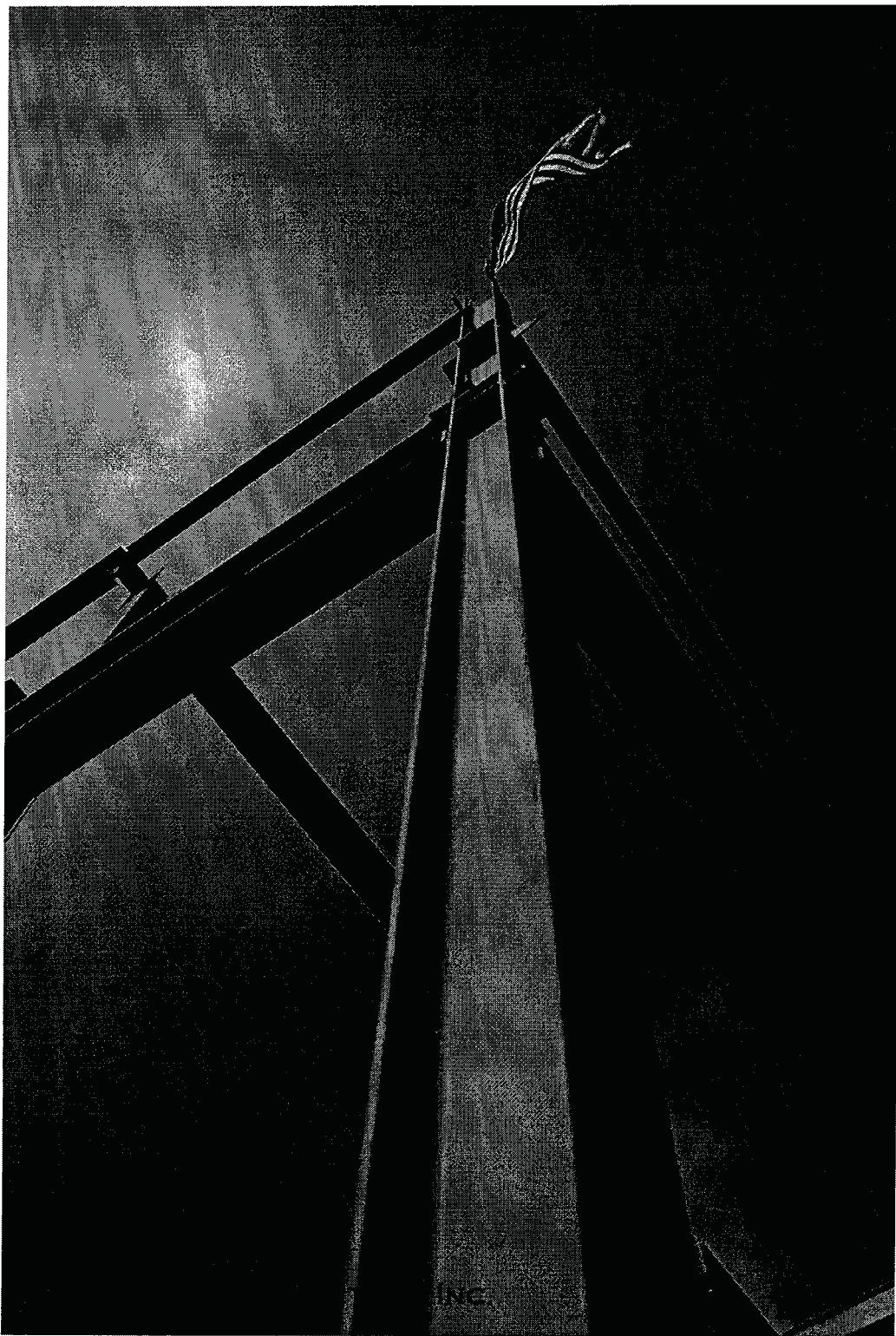
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ORDINANCE NO. 0-59-11

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE A
SECOND AMENDED AND RESTATED REDEVELOPMENT AGREEMENT
BETWEEN THE VILLAGE OF PALATINE, ARLINGTON AUTOMOTIVE GROUP, INC.,
AND GEN II REALTY, INC., FOR THE PROPERTY AT 2019 N. RAND ROAD**

**Published in pamphlet form by authority of the
Mayor and Village Council of the Village of Palatine
on June 13, 2011**

Attachment E-2

FY 2011

Village of Palatine
Rand Road Corridor TIF

ORDINANCE NO. 0-59-11

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE A
A SECOND AMENDED AND RESTATED REDEVELOPMENT AGREEMENT BETWEEN
THE VILLAGE OF PALATINE, ARLINGTON 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, on September 17, 2007 the Mayor and Village Council approved Ordinance #0-163-07 authorizing the Mayor to execute a Redevelopment Agreement with the Palatine Automotive Group, Inc. and Gen II Realty, Inc. for the property located at 2019 N. Rand Road; and

WHEREAS, on March 1, 2010 the Mayor and Village Council approved Ordinance #0-16-10 authorizing the Mayor to execute an Amended and Restated Redevelopment Agreement with the Fidelity Motor Group, LLC and Gen II Realty, Inc. for the property located at 2019 N. Rand Road; and

WHEREAS, the Village, Arlington Automotive Group, Inc. and Gen II Realty, Inc. desire to amend and restate the Redevelopment Agreement and the Amended and Restated Redevelopment Agreement so as to replace them both in their entirety; and

WHEREAS, the Second Amended and Restated Redevelopment Agreement was considered by the Mayor and Village Council on June 13, 2011 and the Mayor and Village Council have determined that entering into the Second Amended and Restated Redevelopment Agreement, which replaces in its entirety and renders void the previously approved Redevelopment Agreement and the Amended and Restated Redevelopment Agreement, is in the best interest of the Village of Palatine; 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:

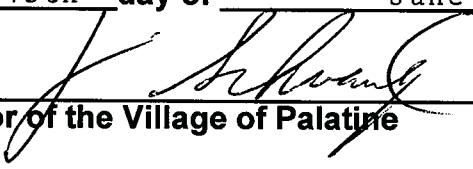
SECTION 1: The Village of Palatine hereby authorizes the Mayor to execute the Second Amended and Restated Redevelopment Agreement, attached hereto as Exhibit "A", pursuant to the Tax Increment Financing Act, Section 65 ILCS 5/11-74/4-4(c) and authorizes the Mayor to execute any other supporting documents 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 13 day of June, 2011

AYES: 5 NAYS: 0 ABSENT: 1 PASS: 0

APPROVED by me this 13th day of June, 2011



Mayor of the Village of Palatine

ATTESTED and FILED in the office of the Village Clerk this 13th day of

June, 2011



Village Clerk

SECOND AMENDED AND RESTATED REDEVELOPMENT AGREEMENT

THIS SECOND AMENDED AND RESTATED REDEVELOPMENT AGREEMENT (this "Agreement"), is made and entered into as of the 13 day of June, 2011 ("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. d/b/a ARLINGTON LUXURY & CLASSIC CARS ("Arlington Luxury") and GEN II REALTY, INC., an Illinois Corporation ("GEN II"). (The Village, GEN II, and Arlington Luxury are sometimes referred to individually as a "Party" and collectively as the "Parties").

R E C I T A L S

WHEREAS, Village and GEN II, along with Palatine Automotive Group, Inc. ("PAG") entered into a certain Redevelopment Agreement dated as of October 4, 2007 ("Original RDA"), pursuant to Village Ordinance No. 0-163-07, dated September 17, 2007 ("Original RDA Ordinance"); and

WHEREAS, GEN II and Fidelity Motor Group, LLC ("Fidelity") desired for Fidelity to replace PAG as the operator of the automobile sales facility approved as part of the Original RDA since PAG was no longer involved in this Property and the building on the Property was vacant; and

WHEREAS, Village, GEN II and Fidelity entered into that certain Amended and Restated Redevelopment Agreement dated as of March 8, 2010 ("1ST Restated RDA"), pursuant to Village Ordinance No. 0-16-10, dated March 1, 2010 ("Restatement RDA Ordinance"); and

WHEREAS, Arlington Luxury has indicated a desire to replace Fidelity as the operator of the automobile sales facility approved as part of the 1ST Restated RDA; and

WHEREAS, Village and GEN II desire to further amend and restate the 1ST Restated RDA pursuant to this Agreement to, among other things, authorize Arlington Luxury to operate the automobile sales facility; and

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, Arlington Luxury represents and warrants to Village that Arlington Luxury, and its principals, are skilled in the development, operation and sale of high end pre-owned automobiles and are able to provide the Project with the necessary skill, knowledge and expertise in the operation of the Project; and

WHEREAS, GEN II desires to own and Arlington Luxury desires to lease the Property from GEN II in order to operate a high end pre-owned automobile sales facility; and

WHEREAS, GEN II had been previously granted a special use which allowed the existing building and site for used automobile sales which had been amended to authorize Fidelity to sell high end pre-owned automobiles from the Property ("Special Use"); and

WHEREAS, GEN II has been granted a further amendment to that Special Use, which Special Use amendment authorizes Arlington Luxury to sell high end pre-owned automobiles from the Property 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 Arlington Luxury to provide for the full use of the Property, thereby implementing and bringing to completion a portion of the Redevelopment Plan; and

WHEREAS, the Village proposes to finance its share of the costs 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 Arlington Luxury 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 Arlington Luxury according to the terms hereof, and any and all action of Arlington Luxury'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 Arlington Luxury 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 Second Amended and Restated Redevelopment Agreement.

“Certificate of Completion” means the document provided to GEN II by the Village within thirty (30) days after request is submitted to the Village after Arlington Luxury has 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 Arlington Luxury has completed and satisfied all 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 leasing of the Property by Arlington Luxury.

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

“Day” means a calendar day.

“Arlington Luxury” means Arlington Luxury.

“Final Plans” means the plans, if any, which are attached hereto as Exhibit “A”.

“GEN II” means GEN II Realty, Inc., an Illinois corporation.

“Party” means the Village and/or Arlington Luxury 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 high end pre-owned automobile sales facility consisting of the existing building located on the Property with approximately 4,000 square feet of interior space and a prospective phase II addition, together with the Property paving and other improvements, all in accordance with the Final Plans if approved by the Village. From and after the date of this Agreement, sales taxable transactions concerning automobiles on the Property shall be reported to the State of Illinois by Arlington Luxury under a dedicated Illinois Business Tax Number.

“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 Arlington Luxury or GEN II.
- (vi) shortage of materials not attributable to Arlington Luxury 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 Arlington Luxury 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).

“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. Arlington Luxury 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 Arlington Luxury or GEN II in a different manner, Arlington Luxury hereby designates Gary N. Vicari as its authorized representative, who shall 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 Arlington Luxury and GEN II respectively and with the effect of binding Arlington Luxury and GEN II in that connection (individual being "Authorized Arlington Luxury Representative"). Arlington Luxury and GEN II shall have the right to change its Authorized Arlington Luxury Representative by providing the Village with written notice of such change which notice shall be sent in accordance with Section 14.2.

ARTICLE FOUR

IMPLEMENTATION OF PROJECT

The Village, GEN II, and Arlington Luxury agree to cooperate in implementing the Project in accordance with the Parties' respective obligations set forth in this Agreement. The amendment to the Special Use permitting the Project was granted and approved on June 13, 2011.

ARTICLE FIVE

POSSESSION OF PROPERTY BY ARLINGTON LUXURY

This Agreement is conditioned upon Arlington Luxury leasing the Property no later than July 1, 2011. In the event that Arlington Luxury does not lease the Property on or before July 1, 2011, 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 (also referred to herein as "Owner of the Property") in accordance with the terms of this Agreement. The Village shall provide to the Owner of the Property a maximum total TIF assistance in an amount not to exceed Four Hundred Thousand Dollars

(\$400,000.00) in cash in reimbursement of TIF Eligible Expenses incurred by said Owner of the Property (the “TIF Assistance”). Payments by the Village to the Owner of the Property shall be made annually on a “pay as you go” basis. The amount of the annual TIF Assistance payments made by the Village to the Owner of the Property 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 calendar year or Fifty Thousand Dollars (\$50,000.00). Payment shall be made to the Owner of the Property at the time the sales figures are verified by the Village pursuant to this Section. So long as Arlington Luxury has submitted a request for reimbursement and evidence of the sales figures for the preceding calendar year to the Village no later than March 1st of each year, and so long as Arlington Luxury has submitted to the state, with a copy to the Village, the “Authorization to Release Sales Tax Information” form allowing the Village to verify the sales information, the Village, no later than May 31st of each year, shall reimburse the Owner of the Property on the basis of the lesser of fifty (50%) percent of the annual sales tax received by the Village in the preceding calendar year from the Project or Fifty Thousand Dollars (\$50,000.00) as the TIF Assistance, until the Village has paid out a total of not more than Four Hundred Thousand Dollars (\$400,000.00) in cash, subject to the payments being for TIF Eligible Expenses and also subject to the Arlington Luxury being open and operating at 2019 N. Rand Road at the time of any such payment. As part of the requested reimbursement based on the sales taxes generated for 2011, the Owner of the Property may include the amount of sales taxes received by the Village related to Fidelity Motors for the sales that were recorded at 2019 N. Rand Road during 2011; however, the total payment related to the annual sales taxes received by the Village during 2011 shall be the lesser of fifty (50%) of the annual sales taxes received by the Village during 2011 or \$50,000. Notwithstanding the foregoing to the contrary, commencing thirty (30) days after Arlington Luxury is open and operating the Project, the Owner of the Property may request, and within thirty (30) days after such request the Village shall reimburse, the Owner of the Property the lesser of fifty (50%) percent of the annual sales tax received by the Village during 2010 during the period of the Restated RDA or Fifty Thousand Dollars (\$50,000), provided that the Owner of the Property has provided the Village the ability to verify the relevant sales

tax information as described above. It is the understanding of the Parties that the total TIF Assistance to be provided by the Village under this Agreement, the Original RDA and/or the First Amended and Restated RDA shall not exceed a maximum of Four Hundred Thousand (\$400,000) Dollars.

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. Arlington Luxury 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 Arlington Luxury in Arlington Luxury'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 Arlington Luxury's written request which is submitted to the Village after Arlington Luxury has remained opened for business on the Property for a sufficient time to receive full TIF reimbursement, and after Arlington Luxury 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 the Owner of the Property at the time the payment is required incurring expenses that are eligible under the Act, and the Owner of the Property at the time the payment is requested providing proof of payment and paid receipts for said TIF Eligible Expenses, the Village shall reimburse said Owner(s) 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 conditions provided under such Section 6.2.

ARTICLE SEVEN

ARLINGTON LUXURY'S AND GEN II'S COVENANTS AND AGREEMENTS

7.1 Arlington Luxury's and GEN II's Redevelopment Obligations. Arlington Luxury 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 Compliance with Applicable Laws. GEN II and Arlington Luxury 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 Arlington Luxury'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.

7.3 No Default of Other Agreements. Arlington Luxury and GEN II shall not be in default under this Agreement or be in default under any franchise agreement or any other agreement with any other party in connection with the development and operation of the Project.

7.4 Authorized Representative. Subject to the provisions thereof, Arlington Luxury 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.

7.5 Real Estate Tax Payments. GEN II, Arlington Luxury 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, Arlington Luxury and successor owners shall deliver evidence of payment of such taxes to the Village upon request.

7.6 **Tax Exempt Status.** Consistent with its covenant in Section 7.10, GEN II, Arlington Luxury 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 Arlington Luxury.

7.7 **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.

7.8 **Sale Contracts.** All Property sales contracts, franchise agreements, and Property leases shall be made specifically subject to the terms of this Agreement.

7.9 **Fees and Expenses.** Arlington Luxury 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 Arlington Luxury's failure to pay the fees and expenses described in this Section 7.9 or elsewhere in this Agreement, shall constitute an Event of Default hereunder. Without waiving its rights against GEN II and/or Arlington Luxury, the Village may be reimbursed for said fees and expenses to the extent they are TIF Eligible Expenses.

7.10 **Agreement to Remain Open and Operating.** Arlington Luxury agrees to keep the automotive 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 Arlington Luxury fails to

remain open for business in satisfaction of the foregoing requirement of this Section 7.10, Arlington Luxury 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 Arlington Luxury and Gen II.

7.11 Business Signage for the Property. Subsequent to execution of this Agreement, upon proper and complete permit application, Arlington Luxury 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 ARLINGTON LUXURY AND GEN II

8.1 Arlington Luxury Existence. Arlington Luxury 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 Arlington Luxury maintains an interest in the Property or has any other remaining obligation pursuant to the terms of this Agreement. Arlington Luxury 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 any automotive franchise that it might have in the future. The Village duty to reimburse Arlington Luxury for TIF Reimbursable expenses shall be suspended during any time period that Arlington Luxury is not in good standing with any automobile franchise that it may have in the future or other national car brand being operated by Arlington Luxury 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.

8.3 Construction of Project. Arlington Luxury shall diligently pursue obtaining all required permits and Arlington Luxury 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 Arlington Luxury agree to and do 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 Arlington Luxury to comply with any of the terms, covenants or conditions of this Agreement with which GEN II and/or Arlington Luxury is obligated to comply; or
- b. the failure of GEN II and/or Arlington Luxury or any of Arlington Luxury's contractors to pay contractors, subcontractors or materialmen in connection with the Project; or
- c. material misrepresentations or omissions of GEN II and/or Arlington Luxury relating to the Project, financials or this Agreement which are the result of information supplied or omitted by GEN II and/or Arlington Luxury or by its agents, employees, contractors or persons acting under the control or at the request of GEN II and/or Arlington Luxury; or
- d. the failure of GEN II and/or Arlington Luxury to cure any material misrepresentations or omissions of GEN II and/or Arlington Luxury 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 Arlington Luxury; or
- f. any violation by GEN II and/or Arlington Luxury of local ordinance, state, or federal laws in connection with the offer and sale of interests in GEN II and/or Arlington Luxury or any part of the Project; or
- g. the occurrence of an Event of Default by GEN II and/or Arlington Luxury; or
- h. the failure of GEN II and/or Arlington Luxury to comply with any of the terms, covenants or conditions of any franchise agreement that they might have.

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, Arlington Luxury (or Arlington Luxury's contractor) shall deliver to the Village, at Arlington Luxury's cost and expense, insurance required to be carried by Arlington Luxury pursuant to Article Twelve. The Village shall be named as an additional insured party on Arlington Luxury'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 Arlington Luxury 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 Arlington Luxury covenant that no officer, member, manager, stockholder, employee or agent of GEN II or Arlington Luxury, or any other person connected with GEN II or Arlington Luxury, 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 7.5 and 7.6, 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, Arlington Luxury 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 Arlington Luxury shall disclose to the Village the names, addresses and ownership interests of all Persons that comprise GEN II and Arlington Luxury, including all shareholders of the corporations. All changes made in the persons comprising GEN II and Arlington Luxury or in their ownership interests shall be disclosed to the Village during the term of this Agreement.

8.10 Open Book Project. GEN II's and Arlington Luxury's Project shall be an "open book" project meaning that GEN II and Arlington Luxury 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 Arlington Luxury has failed to make available any such books and/or records requested in writing by the Village. GEN II and Arlington Luxury 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 Arlington Luxury is a party; provided that GEN II and/or Arlington Luxury may, (if GEN II and/or Arlington Luxury 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 Arlington Luxury 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 Arlington Luxury 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 Arlington Luxury shall be experienced and reputable.

8.11 No Transfer without Village's Consent. Arlington Luxury's interest in the Property may only be transferred or conveyed upon review and consent of the Village. Arlington Luxury shall notify the Village of any intent to transfer 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 Arlington Luxury by a governmental body authorized to grant such variance or exemption. GEN II and Arlington Luxury 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 Arlington Luxury by a governmental body authorized to grant such variance or exemption.

ARTICLE TEN

REPRESENTATIONS AND WARRANTIES OF ARLINGTON LUXURY AND GEN II

GEN II and Arlington Luxury 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 Arlington Luxury 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 Arlington Luxury 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 Arlington Luxury's knowledge, there are no actions at law or similar proceedings which are pending or threatened against GEN II or Arlington Luxury, respectively, which would materially and adversely affect the ability of GEN II or Arlington Luxury 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 Arlington Luxury, the consummation of the transactions contemplated hereby by GEN II or Arlington Luxury, nor the fulfillment of or compliance with the terms and conditions of this Agreement by GEN II or Arlington Luxury 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 Arlington Luxury (with GEN II's or Arlington Luxury's prior written approval), any organizational documents, any restrictions, agreement or instrument to which GEN II or Arlington Luxury or any of its partners or venturers is now a party or by which GEN II or Arlington Luxury 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 Arlington Luxury, any related party or any of its venturers under the terms of any instrument or agreement to which GEN II or Arlington Luxury, any related party or any of its partners or venturers is now a party or by which GEN II or Arlington Luxury, 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 unless expanded with the permission of the Village. A modification of the Project area shall not require an amendment to this Agreement but zoning approvals shall be required. In the event that additional land is approved by the Village and is added to the Property, then the Village shall include all sales from the expanded Property.

10.4 Financial Resources. GEN II and Arlington Luxury, respectively, have sufficient financial and economic resources to implement and complete GEN II's and/or Arlington Luxury'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 Arlington Luxury 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 Arlington Luxury in Arlington Luxury'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

EVENTS OF DEFAULT AND REMEDIES.

12.1 GEN II and Arlington Luxury Events of Default. The following shall be Events of Default with respect to this Agreement:

a. If any representation made by GEN II or Arlington Luxury 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 Arlington Luxury, respectively, does not remedy the default, within thirty (30) days after written notice from the Village.

b. Default by GEN II or Arlington Luxury 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 Arlington Luxury; 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 Arlington Luxury, 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 Arlington Luxury 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 Arlington Luxury, 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 Arlington Luxury, 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 Arlington Luxury, 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 Arlington Luxury, 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 Arlington Luxury, respectively, to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of GEN II or Arlington Luxury, 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 Arlington Luxury, respectively, generally to pay such entity's debts

as such debts become due or the taking of any action by GEN II or Arlington Luxury, respectively, in furtherance of any of the foregoing.

f. Failure to have funds to meet GEN II or Arlington Luxury'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 Arlington Luxury.

i. GEN II or Arlington Luxury 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 Arlington Luxury, 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.

12.2 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 Arlington Luxury 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 Arlington Luxury 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 Arlington Luxury, 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 Arlington Luxury, 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.

12.3 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, Arlington Luxury and Village shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of GEN II, Arlington Luxury 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 Arlington Luxury, in addition to any other remedies at law or in equity, the Village shall be relieved of its obligations under this Agreement.

12.4 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.

12.5 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.

12.6 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 THIRTEEN

EQUAL EMPLOYMENT OPPORTUNITY

13.1 No Discrimination. GEN II and Arlington Luxury 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 Arlington Luxury 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 Arlington Luxury 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.

13.2 Advertisements. GEN II and Arlington Luxury will, in all solicitations or advertisements for employees placed by or on behalf of GEN II and/or Arlington Luxury, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

13.3 Contractors. Any contracts made by GEN II and/or Arlington Luxury 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 13.1 and 13.2 above.

ARTICLE FOURTEEN

MISCELLANEOUS PROVISIONS.

14.1 Cancellation. In the event GEN II, Arlington Luxury 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 Arlington Luxury'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, Arlington Luxury 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 14.1, 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.

14.2 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, Banks & Kenny, Ltd. 70 W. Madison Street, Suite 4500 Chicago, IL 60602 Attn: Robert C. Kenny
If to GEN II:	Arlington Automotive Group, Inc. 2095 N. Rand Road Palatine, IL 60074 Attn: Gary N. Vicari
With a copy to:	Steven M. Sack, Esq. 110 East 59th Street, 19th Floor New York, New York 10022
If to Arlington Luxury:	Arlington Automotive Group, Inc. 2095 N. Rand Road Palatine, IL 60074 Attn: Gary N. Vicari
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.

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

14.4 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.

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

14.6 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.

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

14.8 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 Arlington Luxury relating to the subject matter hereof, supersedes all prior and contemporaneous negotiations, understandings and agreements, written or oral, between the Village, GEN II and Arlington Luxury, and may not be modified or amended except by a written instrument executed by the Parties hereto.

14.9 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 Arlington Luxury, 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 Arlington Luxury, nor shall any provision give any third parties any rights of subrogation or action over or against either the Village, GEN II or Arlington Luxury. This Agreement is not intended to and does not create any third party beneficiary rights whatsoever.

14.10 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.

14.11 Cooperation and Further Assurances. The Village, GEN II and Arlington Luxury 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 Arlington Luxury or other appropriate persons all and singular the rights, property and revenues covenanted, agreed, and pledged under or in respect of this Agreement.

14.12 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.

14.13 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.

14.14 No Personal Liability of Officials of Village or Arlington Luxury. 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 Arlington Luxury, in his or her individual capacity, and no official, officer, partner, member, director, agent, employee or attorney of the Village, GEN II or Arlington Luxury 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.

14.15 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.

14.16 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.

14.17 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.

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

14.19 Prevailing Wage Act Compliance. Prevailing Wages. GEN II and Arlington Luxury 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 Arlington Luxury 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 Arlington Luxury's agreements with contractors and subcontractors shall so comply.

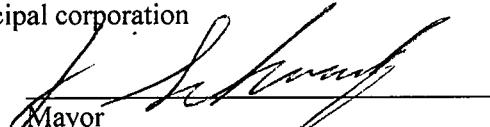
ARTICLE FIFTEEN

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 Arlington Luxury shall execute this Agreement not later than thirty (30) 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.

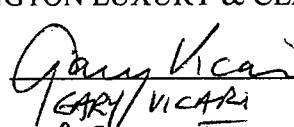
VILLAGE OF PALATINE, an Illinois
municipal corporation

By: 
Its: Mayor

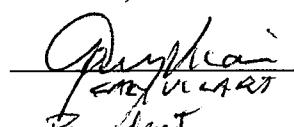
ATTEST:

By: 
Its: Village Clerk

ARLINGTON AUTOMOTIVE GROUP, INC. D/B/A
ARLINGTON LUXURY & CLASSIC CARS

By: 
Name: GARY VICARI
Its: PRESIDENT

GEN II REALTY, INC.

By: 
Name: GARY VICARI
Its: President

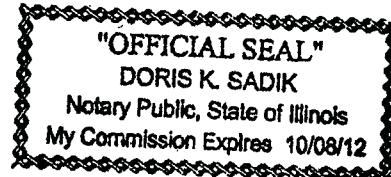
STATE OF ILLINOIS)
) SS
COUNTY OF)

I, Doris K. Sadik, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that GARY N. VICARI, President of of ARLINGTON AUTOMOTIVE GROUP, INC. D/B/A ARLINGTON LUXURY & CLASSIC CARS, 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 14 day of July, 2001.

Doris K. Sadik
Notary Public

My commission expires 10-08-2012.



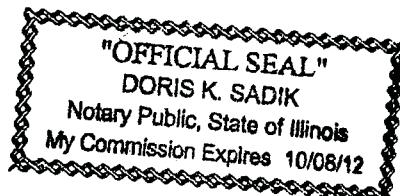
STATE OF ILLINOIS)
) SS
COUNTY OF)

I, Doris K. Sadik, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that GARY N. VICARI, President 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 14 day of July, 20011.

Loree K. Sadik
Notary Public

My commission expires **10-08-2012**

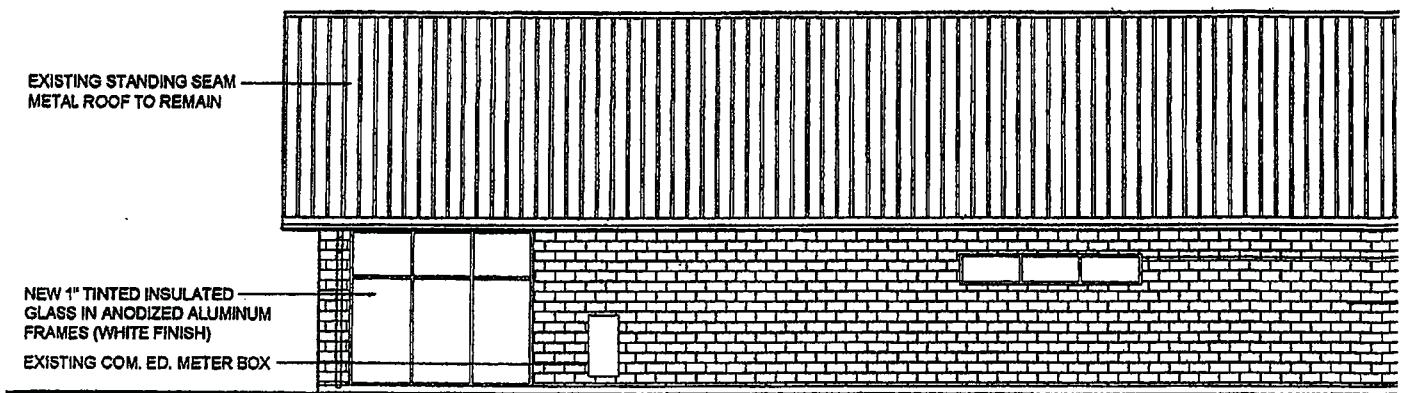


EXHIBITS

EXHIBIT A FINAL PLANS

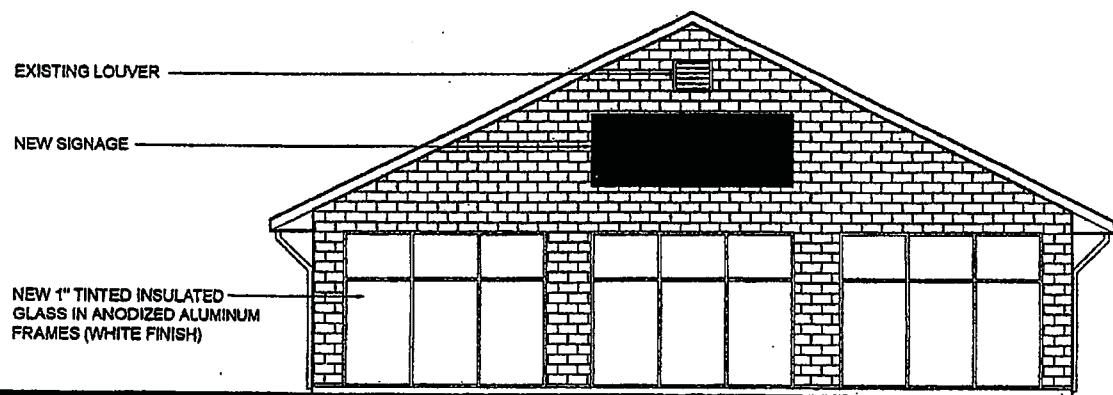
EXHIBIT B LEGAL DESCRIPTION OF PROPERTY

Exhibit A



SOUTH ELEVATION

SCALE: 1/8" = 1'-0"



WEST ELEVATION

SCALE: 1/8" = 1'-0"

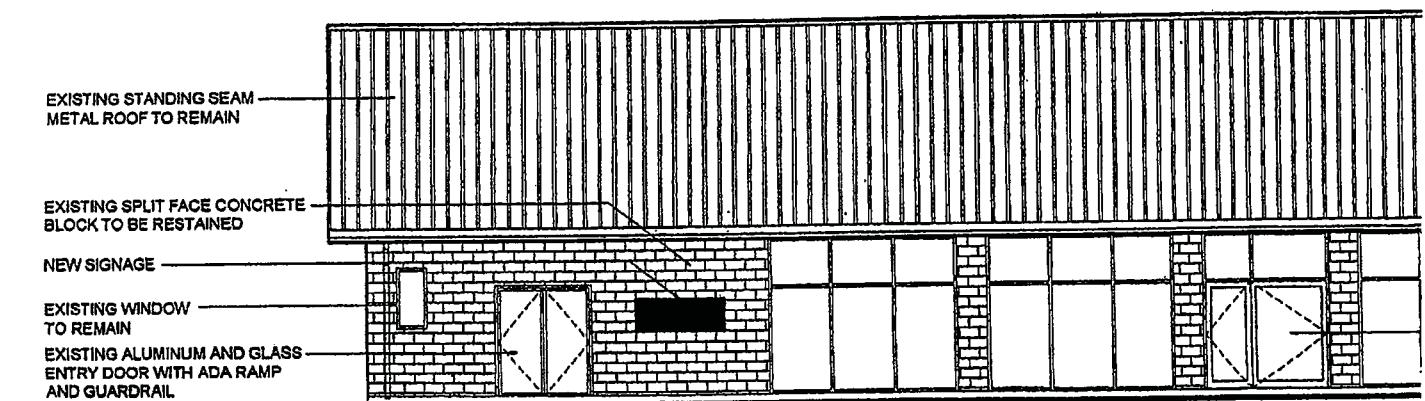
S.G.M. • Architects
ARCHITECTURE PLANNING DESIGN
A Form Lorus Lake Zurich, IL 60047
C 847.728.9517



101 WINE DR
LAKE ZURICH, ILLINOIS 60047
PHONE (847) 428-0118
FAX (847) 428-0117

PHASE I ELEVATIONS

EXHIBIT A



NORTH ELEVATION

SCALE: 1/8" = 1'-0"

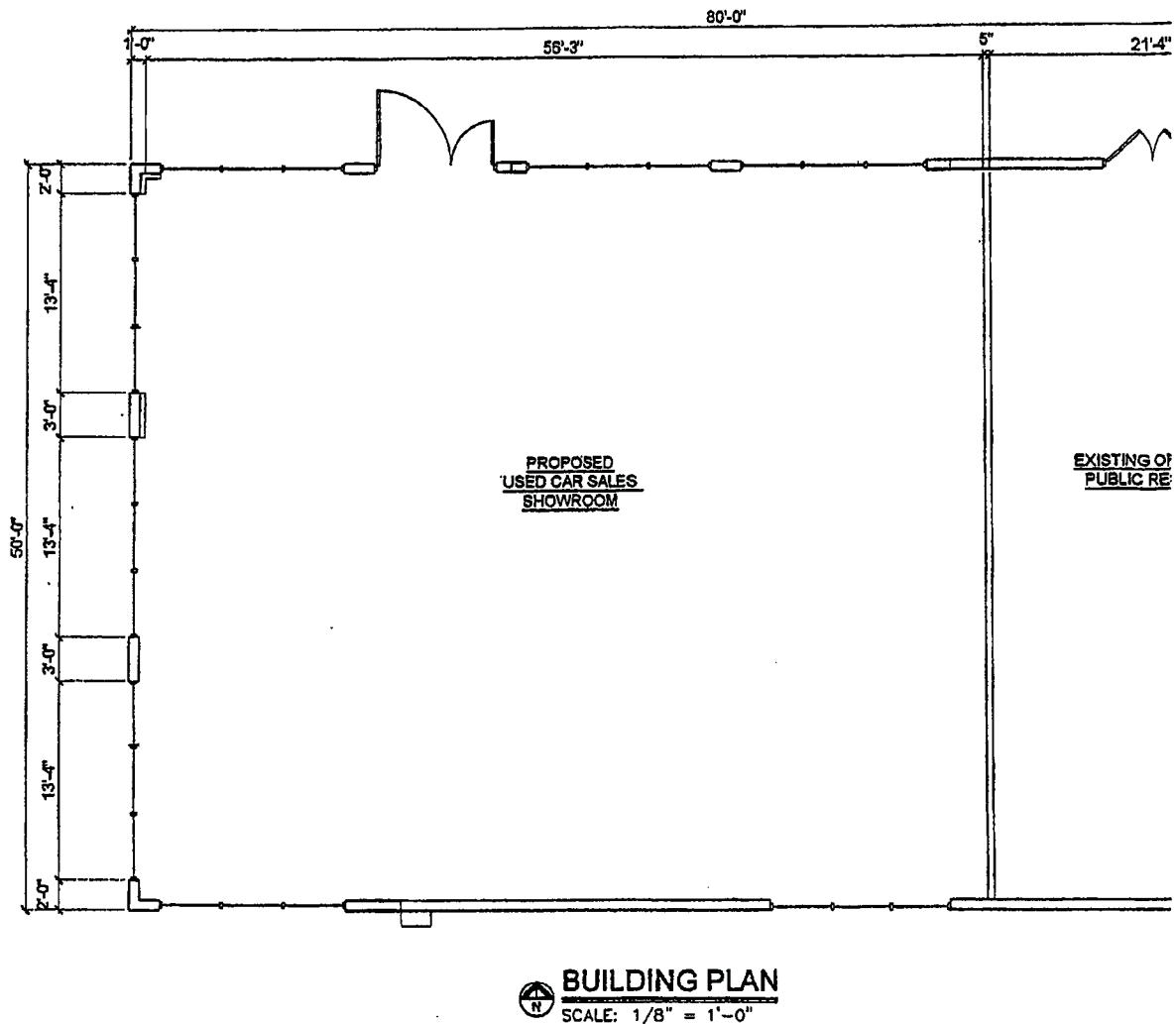
S G M • Architects
ARCHITECTURE PLANNING DESIGN
65 Glen Farm Lane, Lake Zurich, IL 60047
TEL/FAX: 847.726.9517



RD. BOX 917
LAKE ZURICH, ILLINOIS 60047
PHONE (847) 428-9718
FAX (847) 428-9717

PHASE I ELEVATIONS

EXHIBIT **E**

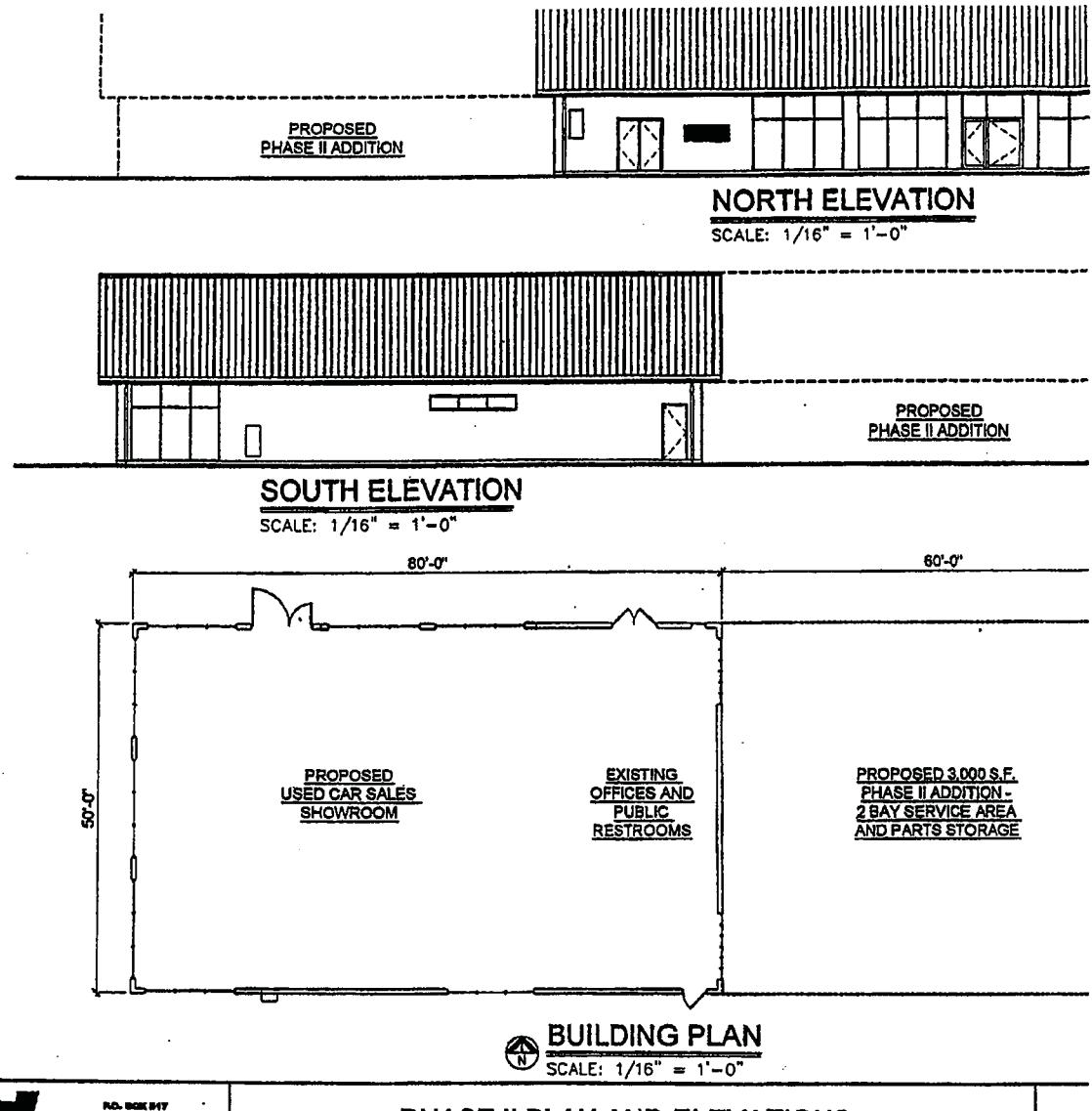


S G M • Architects
ARCHITECTURE • PLANNING • DESIGN
• Old Farm Lane • Lake Zurich, IL 60047
• FAX: 847.726.6517



PO. BOX 917
LAKE ZURICH, IL 60047
PHONE (847) 438-9115
FAX (847) 438-9117

PHASE I PLAN



PHASE II PLAN AND ELEVATIONS

S.G.M. Architects
ARCHITECTURE PLANNING DESIGN
n Form Loss Lake Zurich, IL 60047
b 847.726.9517



PO. BOX 547
LAWRENCE, KANSAS 66047
PHONE (316) 234-9116
FAX (316) 234-9117

EXHIBIT **"V"**

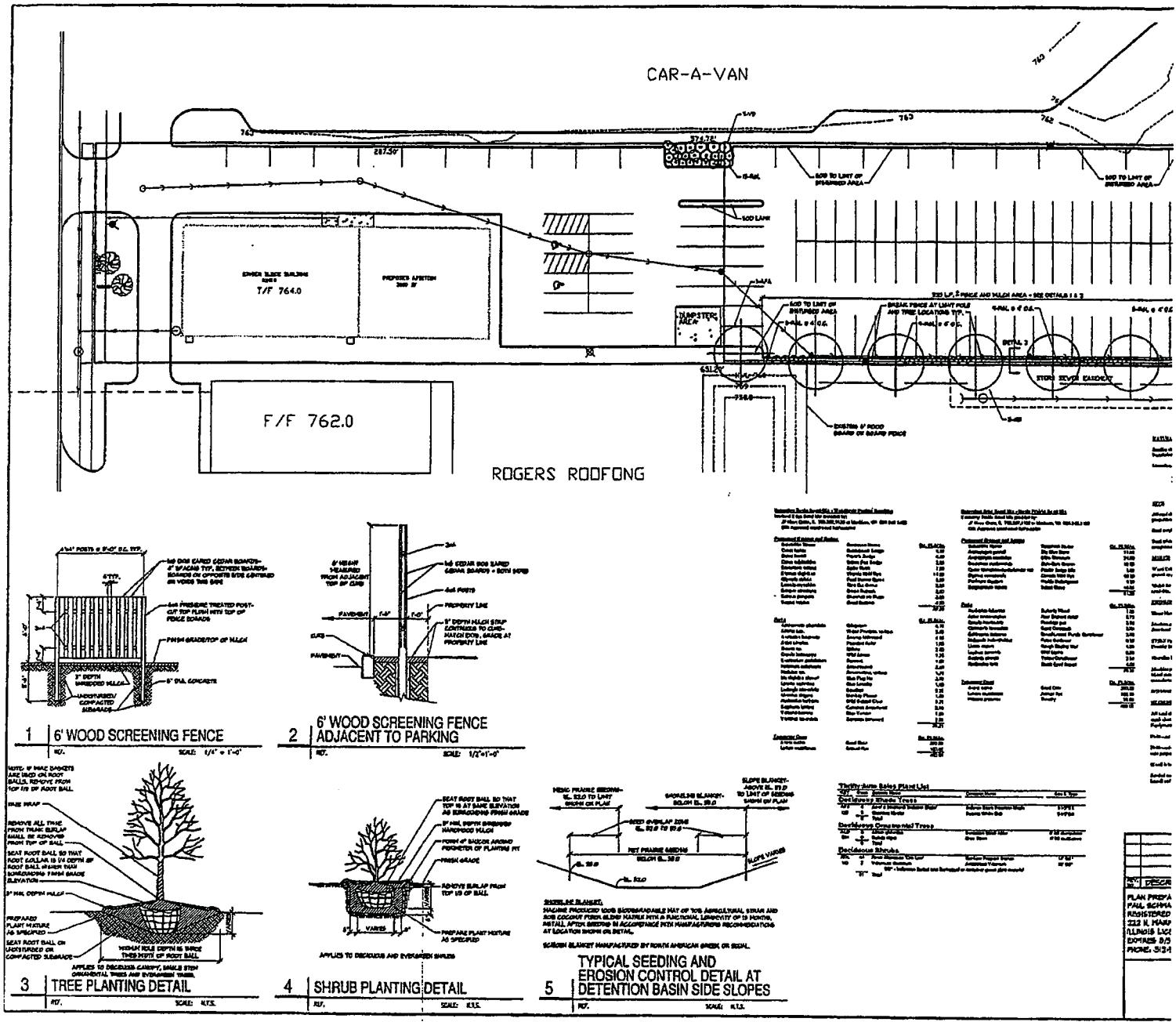
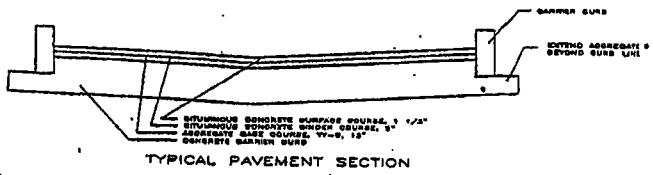


EXHIBIT "A"

PRELIMINARY ENGINEERING PLAN
PARKING LOT EXPANSION



TYPICAL PAVEMENT SECTION

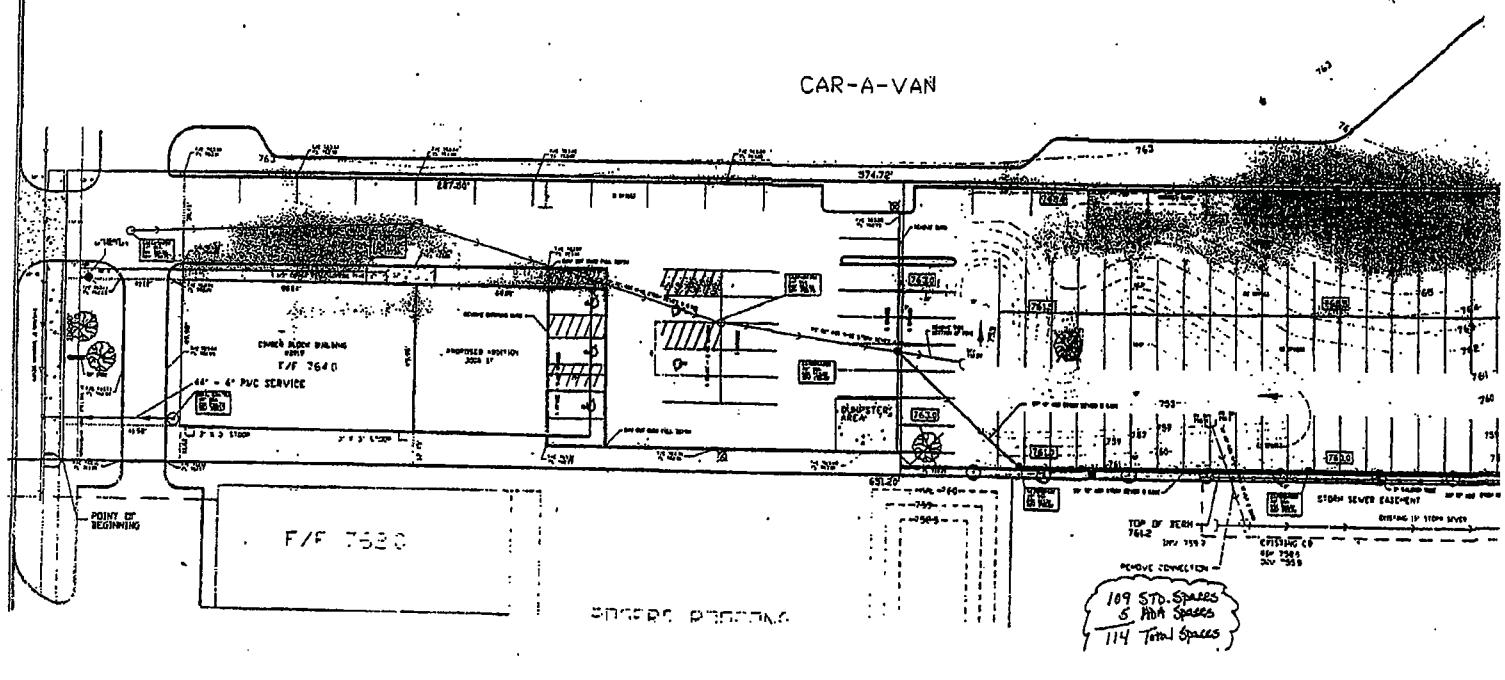


EXHIBIT "A"

Exhibit B

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.

TYPE: ORDINANCE **SUBMITTED BY: ADMINISTRATION** **DATE: 6/13/2011**

DESCRIPTION: Consider an Ordinance authorizing a Second Amended and Restated Redevelopment Agreement with Arlington Automotive Group, Inc. and Gen II Realty, Inc. for the property located at 2019 N. Rand Road.

(Gen II Realty, Inc. and Arlington Automotive Group, Inc.) (District: 3)

COMMITTEE ACTION: _____ **DATE:** _____

BACKGROUND:

DATE:

BACKGROUND:

The Subject Property, 2019 N. Rand Road, is located within the Village's Rand Road Tax Increment Financing District. In 2007, the Village Council approved a Redevelopment Agreement to allow a Thrifty Used Car dealership consisting of an approximately 7,000 square foot building and related site improvements. Although the Redevelopment Agreement was approved, the Thrifty Used Car dealership only remained open for a short amount of time. In 2010, the Village Council approved an amendment to the Redevelopment Agreement to authorize a change from Thrifty Used Cars to Fidelity Motors. Fidelity Motors recently relocated, thus the property owner is now requesting a Second Amendment to the Redevelopment Agreement to allow a new dealership, Arlington Luxury & Classic Cars, to operate on the property. Due to these circumstances the Petitioners have requested the following.

**Ordinance authorizing the Mayor to execute a Second Amended and Restated
Redevelopment Agreement with Arlington Automotive Group and Gen II Realty, Inc.**

KEY ISSUES:

Petitioner's Obligations:

- ✓ The Petitioners shall operate a used car dealership generally consistent with the previously approved used car dealership.

Village Obligations:

- ✓ Contribute a maximum of \$400,000 in TIF assistance. The TIF assistance will be based on an annual calculation with a maximum yearly assistance of \$50,000. These are the same identical terms included in the previously approved Redevelopment Agreements. To date, no TIF assistance payments have been made under either the original Redevelopment Agreement or the Amended and Restated Redevelopment Agreement.

ALTERNATIVES: 1. Recommend approval of the Ordinance.
 2. Do not recommend approval of the Ordinance.

RECOMMENDATION:

Staff recommends approval of an Ordinance (in substantial compliance with the attached ordinance and related exhibits, subject to review of the Village Attorney) authorizing the Mayor to execute a Second Amended and Restated Redevelopment Agreement with Arlington Automotive Group, Inc. and Gen II Realty, Inc. for the property at 2019 N. Rand Road.

ACTION REQUIRED:

Motion to recommend approval of an Ordinance (in substantial compliance with the attached ordinance and related exhibits, subject to review of the Village Attorney) authorizing the Mayor to execute a Second Amended and Restated Redevelopment Agreement with Arlington Automotive Group, Inc. and Gen II Realty, Inc. for the property located at 2019 N. Rand Road.



June 6, 2011

Mr. Reid Ottesen, Village Manager
Village of Palatine
200 E. Wood Street
Palatine, IL 60067-5339

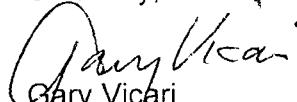
Re: Property located at 2019 N. Rand Road, Palatine, IL

Thank you and thanks to your staff for assisting in our transition with respect to the subject property. Subject to receiving formal approvals, we expect Arlington Luxury & Classic Cars to commence sales operations on the subject premises on June 27, 2011. We have begun purchasing and selling luxury used cars in our main location to prepare for the expansion, as this market segment has grown despite the challenging economy. We are optimistic and excited to operate our luxury and classic car division at the subject property and to brand a new segment of our automotive business in Palatine. As you know, we have obtained a separate sales tax identification number for The Arlington Automotive Group, Inc. for specific use to track sales tax generated by the luxury division at the subject property. Such will facilitate ease of tracking sales taxable revenue for purposes of the restated redevelopment agreement between Gen II Realty, Inc., Arlington Automotive Group, Inc. and the Village of Palatine.

We expect strong demand for sales in this business that will add an upscale image to the Village of Palatine. Having Palatine's continued assistance in offsetting our significant out of pocket expenditure with respect to the purchase, site work and renovation of the property is critical.

We respectfully request the transfer of special use zoning which was transferred from Palatine Automotive Group, Inc. to Fidelity Motors. We look forward to the Council's approval on June 13, 2011 of the same and the restatement of the redevelopment agreement. Thank you again and please do not hesitate to contact me should there be any questions or additional information required.

Sincerely,


Gary Vicari
President & General Manager

cc: M. Raymond, S. Sack, T. Pade, S. Vicari

2095 N. Rand Road • Palatine, IL 60074 • Corner of Rand & Hicks Road

P: 847-485-1200 • ToyotaArlington.com • F: 847-485-1468

ORDINANCE NO. 0-84-11

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

**Published in pamphlet form by authority of the
Mayor and Village Council of the Village of Palatine
on August 1, 2011**

ORDINANCE NO. 0-84-11

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE
A THIRD AMENDMENT TO A REDEVELOPMENT AGREEMENT
BETWEEN THE VILLAGE OF PALATINE AND OAG MOTORCYCLE
VENTURES, INC. (D/B/A CITY LIMITS 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, pursuant to Ordinance #0-91-07, the Village of Palatine entered into a Redevelopment Agreement with OAG Motorcycle Ventures, Inc. (d/b/a Suburban Harley-Davidson, Inc.) and Lone Star Cardinal Motorcycle Ventures IV, LLC dated June 11, 2007, for the property located at 2009, 2011 and 2015 N. Rand Road; and

WHEREAS, pursuant to Ordinance #0-104-09, the Village entered into a First Amendment to the Redevelopment Agreement with OAG Motorcycle Ventures, Inc. (d/b/a Suburban Harley-Davidson, Inc.) and Lone Star Cardinal Motorcycle Ventures IV, LLC dated August 17, 2009; and

WHEREAS, pursuant to Ordinance #0-04-11, the Village entered into a Second Amendment to the Redevelopment Agreement with OAG Motorcycle Ventures, Inc. (d/b/a Suburban Harley-Davidson, Inc.) and Lone Star Cardinal Motorcycle Ventures IV, LLC dated January 3, 2011; and

WHEREAS, the Mayor and Village Council have on August 1, 2011, considered the proposed Third Amendment to Redevelopment Agreement with OAG Motorcycle Ventures, Inc. (d/b/a City Limits Harley-Davidson, Inc.) and Lone Star Cardinal Motorcycle Ventures IV, LLC, and have determined that entering into this Third Agreement furthers the purposes of the Tax Increment Financing District and the Redevelopment Plan for the Rand Road Corridor 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:

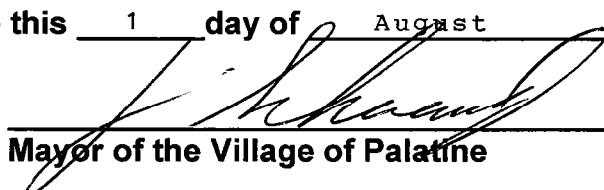
SECTION 1: The Village of Palatine hereby authorizes the Mayor to execute the Third Amendment to the Redevelopment Agreement attached hereto as Exhibit "A", pursuant to the Tax Increment Financing Act, Section 65 ILCS 5/11-74/4-4(c) and authorizes the Mayor to execute any other supporting documents to 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 1 day of August, 2011

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

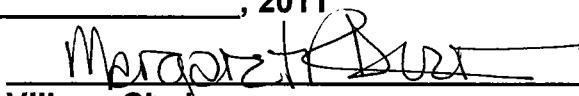
APPROVED by me this 1 day of August, 2011



Mayor of the Village of Palatine

ATTESTED and FILED in the office of the Village Clerk this 1 day of

August, 2011



Village Clerk

THIRD AMENDMENT TO
REDEVELOPMENT AGREEMENT

THIS THIRD AMENDMENT TO REDEVELOPMENT AGREEMENT (this "Amendment"), is made and entered into as of the 1st day of August, 2011 ("Amendment Date") by and between the **VILLAGE OF PALATINE, ILLINOIS**, an Illinois municipal home rule corporation, located in Cook County, Illinois (the "Village") and **OAG MOTORCYCLE VENTURES, INC. (D.B.A. CITY LIMITS 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").

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, 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 11th day of June, 2007 (the “Original Redevelopment Agreement”); and

WHEREAS, the parties hereto previously entered into that certain First Amendment to Redevelopment Agreement dated as of the 17th day of August, 2009 (the “First Amendment”); and

WHEREAS, the parties hereto previously entered into that certain Second Amendment to Redevelopment Agreement dated as of the 3rd day of January, 2011 (the “Second Amendment”); and

WHEREAS, the parties now wish to further amend Section 8.6 (b) of the Original Redevelopment Agreement (as amended per the First Amendment and Second Amendment) as provided herein below (“Third Amendment”); and

WHEREAS, the terms of the Original Redevelopment Agreement, First Amendment, and Second Amendment shall remain in full force and effect except with respect to the Sections amended in this Third Amendment; and

WHEREAS, this Third 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 Third 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 Third Amendment have been undertaken and performed in the manner required by law; and

WHEREAS, this Third Amendment has been submitted to the Managers of Developer for consideration and review, all of such Managers have taken all actions required to be taken prior to the execution of this Third Amendment in order to make the same binding upon the Developer according to the terms hereof, and any and all action of the Managers of the Developer precedent to the execution of this Third Amendment 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

The findings, representations and agreements set forth in the above Recitals are material to this Third Amendment and are hereby incorporated into and made a part of this Third 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

For the purposes of this Agreement, unless the context clearly requires otherwise, words and terms used in this Third Amendment shall have the meanings provided in the Original Redevelopment Agreement.

ARTICLE THREE

Exhibit B entitled Development Schedule shall be replaced in its entirety with the following matrix:

ACTION:	TARGET DATE:	DEFAULT DATE:	PENALTY
Obtain Final PD Agreement	September 30, 2007	November 15, 2007	Completed
Close on Property	October 31, 2007	December 15, 2007	Completed
Apply for Building Permit H-D	June 30, 2008	September 30, 2008	Completed
Complete H-D Building Foundation	December 31, 2008	May 30, 2009	Completed
Complete the Project and Open for Business	December 31, 2009	August 22, 2011	Subject to the Provisions Below

The Developer shall be subject to a penalty of \$25,000 for each month, or prorated portion thereof, that the project's completion date extends beyond the default date of August 22, 2011. The total penalty amount shall be deducted from the amount owed by the Village per Section 8.6 (b) of the Original Agreement (as amended per the First Amendment).

The "Military Deployment" condition set forth in the Agreement and more specifically stated in Section 7.4 and further referenced in Section 9.21 and 10.2 which allowed for delays in the construction schedule shall not apply to extend the Default Date for the completion of the Project or the Default Date for opening for business.

ARTICLE FOUR

4.1 Time of the Essence. Time is of the essence of this Amendment.

4.2 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.

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

4.4 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.

4.5 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.

4.6 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.

4.7 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, manager, agent, employee or attorney of the Village or Developer, in his or her individual capacity, and no official, officer, partner, member, director, manager, 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.

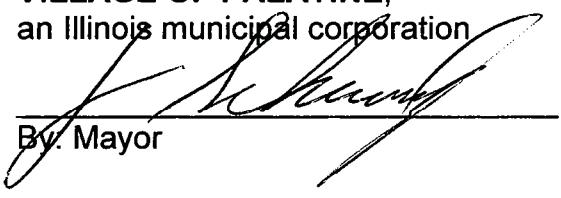
4.8 Term. This Amendment shall remain in full force and effect for twenty-three (23) years from the date the Rand Road Redevelopment Project Area was created, unless the Redevelopment Plan with respect to the Redevelopment Project is extended or until termination of the Redevelopment Project Area or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

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

4.10 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.

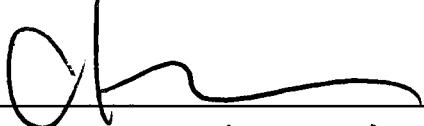
VILLAGE OF PALATINE,
an Illinois municipal corporation


By: Mayor

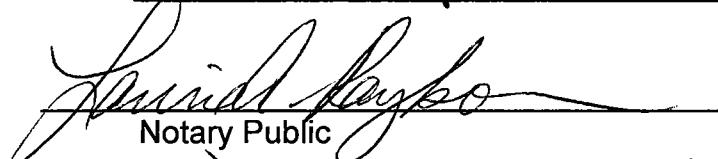
ATTEST:


By: Village Clerk

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

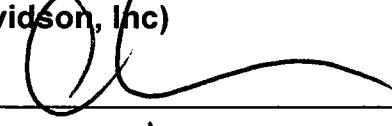
By: 

Name: Anthony C. ("Ozzie") G. Gligic
Its: President

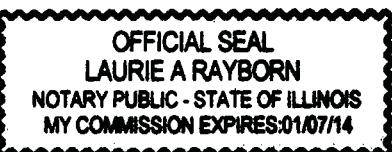

Laurie Rayborn
Notary Public

THIS DOCUMENT WAS ACKNOWLEDGED
BY ANTHONY C. GIGLIUO ON AUGUST 17, 2011.

TENANT:
**OAG MOTORCYCLE VENTURES,
INC. (dba City Limits Harley-
Davidson, Inc)**

By: 

Name: Anthony C. ("Ozzie") Gligic
Its: President



TYPE: ORDINANCE **SUBMITTED BY: ADMINISTRATION** **DATE: 8/1/2011**

DESCRIPTION: Consider an Ordinance authorizing the Mayor to execute a Third Amendment to the Redevelopment Agreement with OAG Motorcycle Ventures, Inc (D.B.A. City Limits Harley-Davidson, Inc.) and Lone Star-Cardinal Motorcycle Ventures IV, LLC for the properties located at 2009, 2011 & 2015 N. Rand Road.

(OAG Motorcycle Ventures, Inc. & Lone Star-Cardinal Motorcycle Ventures IV, LLC) (District: 4)

COMMITTEE ACTION:

DATE:

BACKGROUND:

In 2007, the Village Council approved a Redevelopment Agreement to help facilitate the relocation and expansion of the existing City Limits Harley-Davidson motorcycle dealership within the Village of Palatine. In 2009, an Amendment to the Redevelopment Agreement was approved to help address some extraordinary construction costs that resulted from poor soils within the property, and earlier this year the Council authorized a 2nd Amendment to allow adjustments to the construction schedule. Construction activity is well underway and the project is nearing completion; however, due to a variety of issues the project will likely not be completed until mid to late August (roughly 3 weeks past the previously established deadline). Due to these circumstances the Petitioner is requesting approval of the following:

Ordinance authorizing the Mayor to execute a Third Amendment to the Redevelopment Agreement with OAG Motorcycle Venture, Inc. and Lone Star-Cardinal Motorcycle Ventures IV, LLC.

KEY ISSUES:

Petitioner Obligations:

- ✓ Complete construction of the motorcycle dealership and be open for business by August 22, 2011 (the previous deadline was July 31, 2011).

Financial Summary:

- ✓ While the request will shift the target completion date from July 31, 2011 to August 22, 2011, the project will still be completed within the same year (thus minimizing any potential impact on the anticipated property tax increment).
- ✓ The previously approved Second Amendment established a penalty (\$25,000 per month) if the project did not open by the established deadline date. The proposed amendment would retain this penalty language, thus if the project was not completed (and open for business) by August 22, 2011, the applicable penalty would be assessed.

ALTERNATIVES:

1. Recommend approval of the Ordinance
2. Do not recommend approval of the Ordinance

RECOMMENDATION:

Staff recommends approval of an Ordinance authorizing the Mayor to execute a Third Amendment to the Redevelopment Agreement with OAG Motorcycle Venture, Inc. and Lone Star-Cardinal Motorcycle Ventures IV, LLC for the properties located at 2009, 2011 & 2015 N. Rand Road.

ACTION REQUIRED:

Motion to recommend approval of an Ordinance authorizing the Mayor to execute a Third Amendment to the Redevelopment Agreement with OAG Motorcycle Venture, Inc. and Lone Star-Cardinal Motorcycle Ventures IV, LLC for the properties located at 2009, 2011 & 2015 N. Rand Road.



PHONE
(630) 684-0084

ATTORNEYS AND COUNSELORS
1900 SPRING ROAD
SUITE 216
OAK BROOK, ILLINOIS 60523

FAX
(630) 684-0088

July 27, 2011

VIA EMAIL

Mr. Michael Jacobs
Village of Palatine
200 East Wood Street
Palatine, Illinois 60067

Re: 2009-2015 Rand Road
City Limits Harley Project

Dear Mike:

On behalf of Lone Star-Cardinal Motorcycle Ventures IV, LLC ("Lone Star") and OAG Motorcycle Ventures, Inc. d/b/a City Limits Harley-Davidson, I am pleased to report that we are nearly complete with our construction and we expect to be open and operating soon. As we have discussed, there are three (3) changes that have been made to the originally approved PUD for the above property that we believe should be reflected in a technical amendment to the PUD. Those three changes are as follows:

1. For aesthetic and other reasons, we have removed the black ornamental steelwork that was initially planned for above the front and side brick columns and the roof lines. These were neither structural nor critical to the construction. In addition, the building is now more uniform and aesthetically appealing without them. Attached hereto as Exhibit A is a revised drawing showing the finished exterior as built without the extra ornamental steelwork.

2. For aesthetic, sight-line and safety reasons, we have replaced the in-ground planters initially contemplated for the front and side of the building with above ground planters. The areas initially excavated for the in ground planters will be filled in with concrete to support the above-ground planters. Attached hereto as Exhibit B is a revised drawing showing the location of the planned above-ground planters.

3. We have agreed to install a new six-foot solid wood fence along the north edge of the back parking lot to provide for additional screening of the property from the housing complex to the north. As discussed, this fencing will be in addition to the six (6) replacement trees that are to be installed as per the revised landscaping plan submitted recently but in lieu of any additional replacement trees. While this fencing is a significantly greater expense than any additional replacement trees would cost, we believe that it will provide a more immediate screening impact which, when viewed in conjunction with the landscaping already anticipated along the east edge of the back parking lot, should provide a more aesthetically pleasing property screen. The location of the fencing is also shown on Exhibit B.

RYD LAW GROUP, P.C.

Mr. Michael Jacobs

July 27, 2011

Page 2 of 2

We believe that all of these changes are not only in keeping with the overall concept and plan for the development but add to the look, feel and appeal of the building and property and therefore would ask that you submit the changes to the Village Council for approval.

In addition, Lone Star would like to request one last short extension of the Final Extension Date under the Redevelopment Agreement (as amended) from July 31, 2011 to August 22, 2011. As you were advised, Lone Star officially defaulted and terminated their original contractor, Progress Construction ("Progress"), on January 28, 2011. They have since aggressively pursued and obtained a substantial judgment against Progress for breach of contract and are currently engaged in post-judgment collection proceedings. Since January 28, 2011, Lone Star's replacement contractor, Specialty Contractors, Inc. has been working diligently to complete the building with amazing speed, all while dealing with the fall-out of the termination of Progress and the re-execution or re-letting of many of the subcontracts entered into by Progress. Both Lone Star and Specialty have done everything possible to get the Project to where it is today. However, as you know, the rain this year has been unusually heavy, frequent and continual, effectively resulting in more than five (5) weeks of lost construction time (far more than would customarily be anticipated in a typical construction timeline) and has been a material factor in preventing Lone Star from completing the job by the July 31st deadline. Because Lone Star has been working so diligently and in good faith to finish the job as soon as possible and has made changes that are more costly but enhance the property even further, we would request that the Village agree to an amendment to the RDA that extends the "Final Completion Date" by three (3) weeks to August 22, 2011. All other terms and conditions of the Redevelopment Agreement, as heretofore amended, would remain and continue to apply, including the contemplated penalties in the event that Lone Star is not operating its business in the property on or before August 22, 2011.

Your prompt consideration of the foregoing requests would be greatly appreciated. If you have any questions or need any further information, please do not hesitate to call.

Very truly yours,

RYD LAW GROUP, P.C.

By

Stephen E. Ryd

SER/mw
Enclosures

cc: Ozzie Giglio

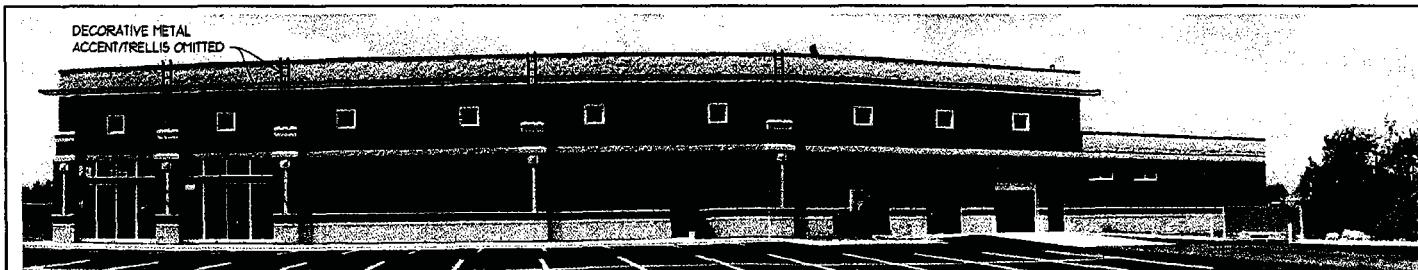


PHOTO NORTH ELEVATION

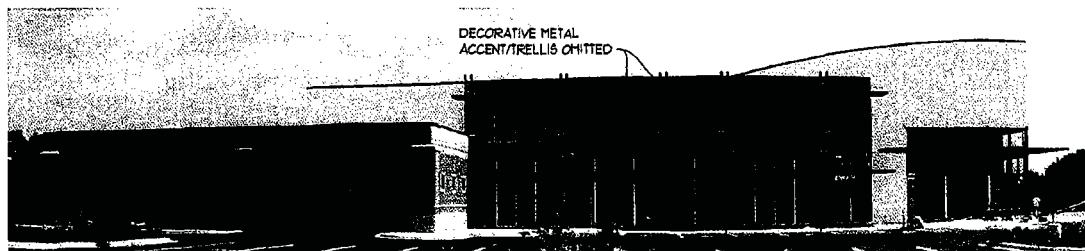
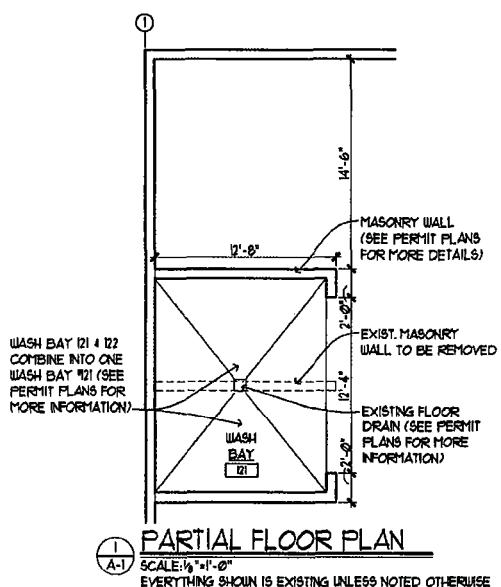


PHOTO SOUTH ELEVATION



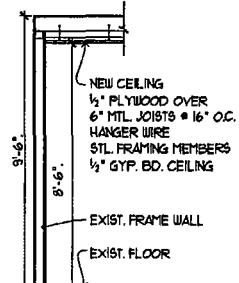
PHOTO EAST ELEVATION



PARTIAL FLOOR PLAN

SCALE: $1/8'' = 1'-0''$

EVERYTHING SHOWN IS EXISTING UNLESS NOTED OTHERWISE



WALL SECTION

SCALE: $1/8'' = 1'-0''$

PARTIAL FLOOR PLAN

SCALE: $1/8'' = 1'-0''$

EVERYTHING SHOWN IS EXISTING UNLESS NOTED OTHERWISE

THESE DRAWINGS WERE PREPARED
UNDER THE DIRECTION AND FOR THE BENEFIT OF MY
CLIENT. THEY ARE NOT TO BE USED CONCERNING THE
ZONING, BUILDING CODES OF THE CITY OF KNOBLINE
AND THE ACCESSIBILITY STANDARDS OF THE
STATE OF ILLINOIS.

SIGNED:

MINICALCO
ARCHITECTS, Ltd.
ILLINOIS REGISTRATION NUMBER: 081-07163
DATE:
LICENSE EXPIRES: 1/30/100

THE ARCHITECT SHALL NOT HAVE CONTROL OR CHARGE OF AND SHALL NOT BE RESPONSIBLE FOR THE SELECTION, MATERIALS AND MANUFACTURER SELECTION, METHODS, TECHNIQUES, SEQUENCES OR PRECAUTIONS AND PROGRAMS IN CONNECTION WITH THE WORK, FOR THE ACTS OR OMISSIONS OF SUBCONTRACTORS OR ANY OTHER PERSONS PERFORMING ANY OF THE WORK OR FOR THE OUTCOME OF THE WORK.

Minicalco Architects is not the architect of record for this project, nor claims any ownership, pricing, construction observation, or life safety issues which have or may arise. Minicalco provides architectural documentation of field/construction questions requested by the permitting jurisdiction. These drawings are for information of as-built conditions only and are not directions for revisions or changes required to provide information as needed for all conditions identified in these documents for all construction documentation.

EXHIBIT A

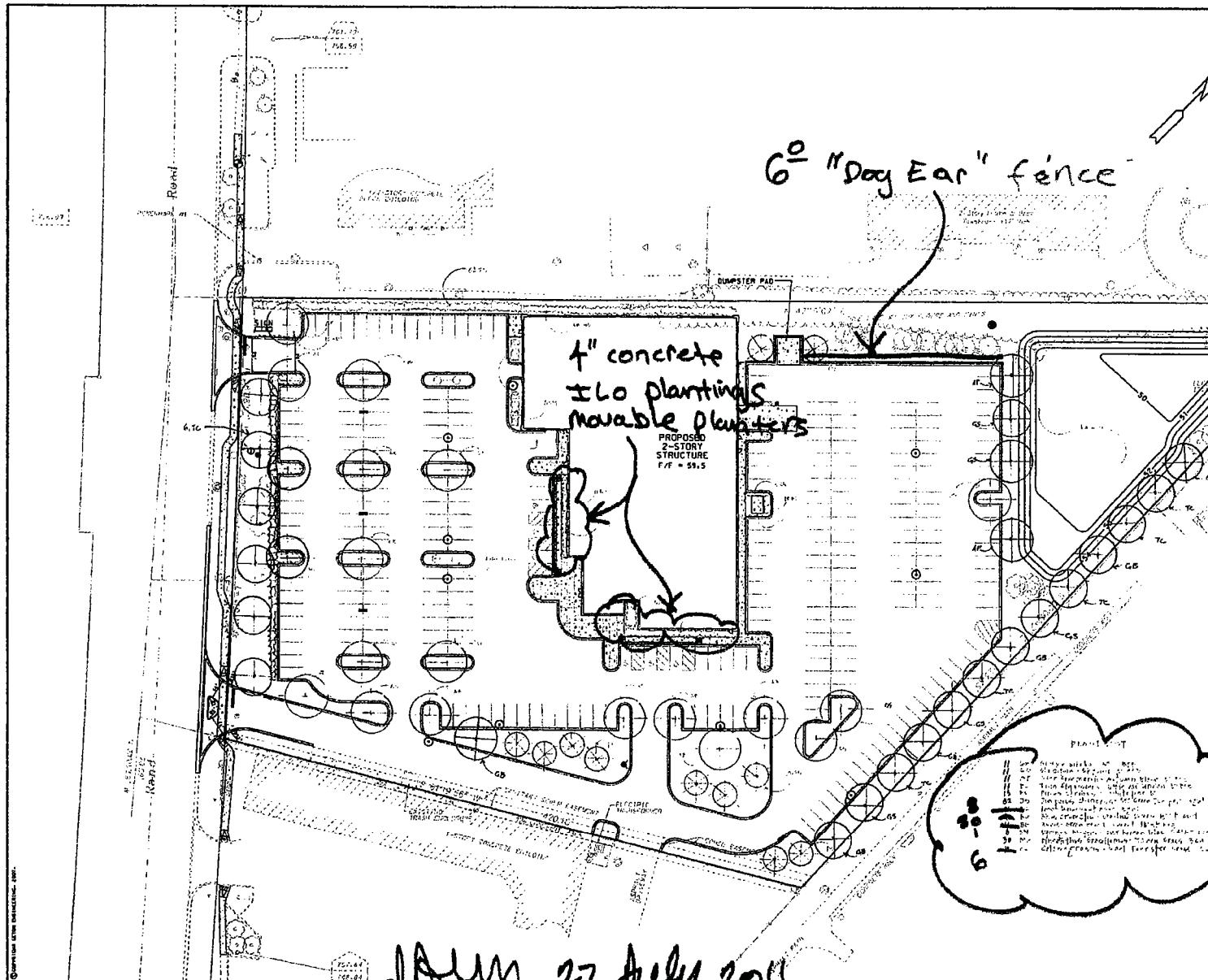
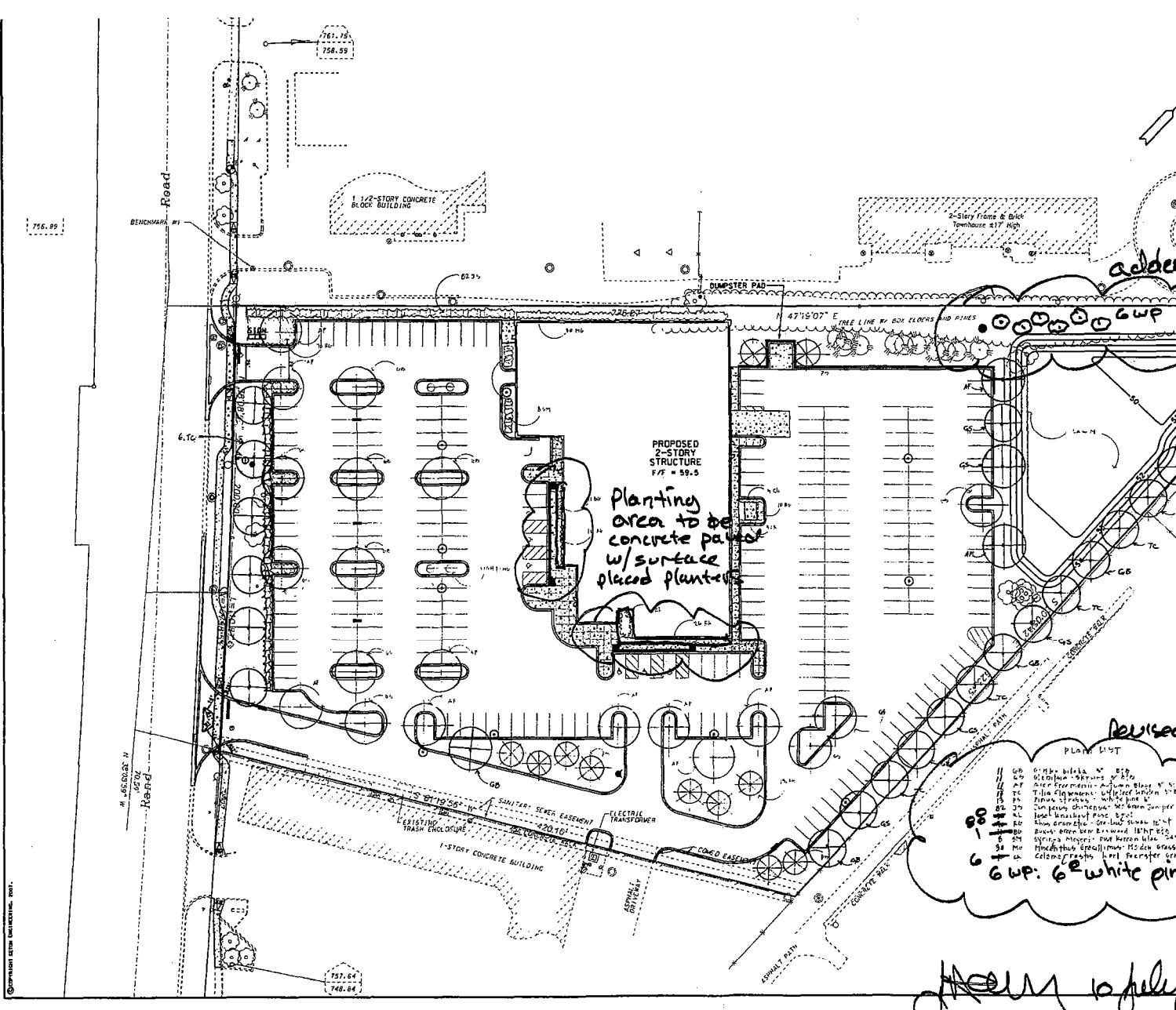


EXHIBIT B



VILLAGE OF PALATINE, ILLINOIS
TAX INCREMENT FINANCING FUNDS
REPORT ON COMPLIANCE
WITH PUBLIC ACT 85-1142

For the Year Ended
December 31, 2011



Certified Public Accountants & Advisors



1415 W. Diehl Road, Suite 400 • Naperville, IL 60563

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, 2011, and have issued our separate report thereon dated April 26, 2012. 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, 2011, for the Dundee Road Tax Increment Financing District Fund, 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, 2011, for the Dundee Road Tax Increment Financing District Fund, 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 black ink that reads "Sikich LLP".

Naperville, Illinois
April 26, 2012



1415 W. Diehl Road, Suite 400 • Naperville, IL 60563

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 Tax Increment Financing District Fund, 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, 2011. 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 the Dundee Road Tax Increment Financing District Fund, 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 Tax Increment Financing District Fund, 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, 2011, in conformity with accounting principles generally accepted in the United States of America.

Naperville, Illinois
April 26, 2012

A handwritten signature in black ink that reads 'Sikich LLP'.

VILLAGE OF PALATINE, ILLINOIS

TAX INCREMENT FINANCING DISTRICTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

For the Year Ended
December 31, 2011

	Dundee Road TIF	Rand/Dundee TIF	Downtown TIF	Rand Road Corridor TIF
REVENUES				
Incremental property taxes	\$ 2,528,847	\$ 275,638	\$ 5,904,383	\$ 3,052,617
Intergovernmental	-	-	894,173	-
Investment income	2,370	392	2,885	956
Total revenues	2,531,217	276,030	6,801,441	3,053,573
EXPENDITURES				
Economic development				
Supplies and services	-	-	31,223	20,941
Project expenditures	-	-	684,636	876,933
Surplus distribution	3,700,000	300,000	-	-
Capital outlay				
Buildings and facilities	-	-	236,088	-
Right of way improvements	-	-	66,326	55,261
Street improvements	-	-	1,471,197	-
Debt service				
Principal	-	-	3,027,830	485,000
Interest and fiscal charges	-	-	1,941,678	929,418
Fiscal charges	-	-	33,506	1,000
Total expenditures	3,700,000	300,000	7,492,484	2,368,553
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(1,168,783)	(23,970)	(691,043)	685,020
OTHER FINANCING SOURCES (USES)				
Bonds issued, at par	-	-	850,000	-
Bond premium	-	-	42,495	-
Payment to refunded bond escrow	-	-	(865,438)	-
Total other financing sources (uses)	-	-	27,057	-
NET CHANGES IN FUND BALANCES				
	(1,168,783)	(23,970)	(663,986)	685,020
FUND BALANCES, JANUARY 1	3,807,309	467,189	15,193,216	11,662,835
FUND BALANCES, DECEMBER 31	\$ 2,638,526	\$ 443,219	\$ 14,529,230	\$ 12,347,855

(See independent auditor's report.)

- 4 -

VILLAGE OF PALATINE, ILLINOIS

TAX INCREMENT FINANCING DISTRICTS FUNDS

SCHEDULE OF FUND BALANCES BY SOURCE

For the Year Ended
December 31, 2011

	Dundee Road TIF	Rand/Dundee TIF	Downtown TIF	Rand Road Corridor TIF
BEGINNING BALANCES, JANUARY 1, 2011	\$ 3,807,309	\$ 467,189	\$ 15,193,216	\$ 11,662,835
ADDITIONS				
Incremental property taxes	2,528,847	275,638	5,904,383	3,052,617
Intergovernmental	-	-	894,173	-
Investment income	2,370	392	2,885	956
Refunding bonds issued, at par	-	-	850,000	-
Bond premium	-	-	42,495	-
Total additions	2,531,217	276,030	7,693,936	3,053,573
BEGINNING BALANCES PLUS ADDITIONS	6,338,526	743,219	22,887,152	14,716,408
DEDUCTIONS				
Economic development				
Supplies and services	-	-	31,223	20,941
Project expenditures	-	-	684,636	876,933
Surplus distribution	3,700,000	300,000	-	-
Capital outlay				
Buildings and facilities	-	-	236,088	-
Right of way improvements	-	-	66,326	55,261
Street improvements	-	-	1,471,197	-
Debt service				
Principal retirement	-	-	3,027,830	485,000
Interest	-	-	1,941,678	929,418
Fiscal charges	-	-	33,506	1,000
Payment to refunded bond escrow	-	-	865,438	-
Total deductions	3,700,000	300,000	8,357,922	2,368,553
ENDING BALANCES, DECEMBER 31, 2011	\$ 2,638,526	\$ 443,219	\$ 14,529,230	\$ 12,347,855
ENDING BALANCES BY SOURCE				
Property taxes	\$ 2,528,847	\$ 275,638	\$ 5,838	\$ 2,200,321
Investment income	109,679	167,581	26,410	7,736
Investment in land held for resale	-	-	14,496,982	10,139,798
ENDING BALANCES, DECEMBER 31, 2011	\$ 2,638,526	\$ 443,219	\$ 14,529,230	\$ 12,347,855

(See independent auditor's report.)