

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

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

Unit Code: **016/430/32**
Reporting Fiscal Year: **2006**
Fiscal Year End: **12/31/2006**

TIF Administrator/Contact Information:

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

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

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

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

Written signature of TIF Administrator

07/09/2007

Date

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

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

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

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

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

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

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

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

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

	Reporting Year	Cumulative	
Fund Balance at Beginning of Reporting Period	\$ 3,749,848.00		
Revenue/Cash Receipts Deposited in Fund During Reporting FY:			
			% of Total
Property Tax Increment	\$ 3,774,970	\$ 9,555,799	19%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	\$ 19,839	\$ 565,272	1%
Land/Building Sale Proceeds		\$ 1,252,260	2%
Bond Proceeds	\$ 190,000	\$ 38,425,866	76%
Transfers from Municipal Sources	\$ 23,608	\$ 881,768	2%
Private Sources			0%
Other (identify source _____; if multiple other sources, attach schedule)			0%
Total Amount Deposited in Special Tax Allocation Fund During Reporting Period			
	\$ 4,008,417		
Cumulative Total Revenues/Cash Receipts		\$ 50,680,965	100%
Total Expenditures/Cash Disbursements (Carried forward from Section 3			
	\$ 8,489,740.00		
Distribution of Surplus			
	\$ -		
Total Expenditures/Disbursements			
	\$ 8,489,740		
NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENT			
	\$ (4,481,323)		
FUND BALANCE, END OF REPORTING PERIOD			
	\$ (731,475)		

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

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

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

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

		Reporting Fiscal Year
1. Costs of studies, administration and professional services—Subsections (q)(1) and (o) (1)		
Legal Fees	42,182	
Financial Advisor Fees	28,737	
Survey/Appraisal Fees	7,200	
Legal Notices		
Office Supplies		
Professional Services	17,620	
Materials	330	
		\$ 96,069
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)		
Remediation Expense	5,987	
Land Acquisition	2,601,000	
Site Development	194,439	
Loss on disposition of of land held for resale		
Land Held for Resale	(1,931,000)	
		\$ 870,426
4. Costs of rehabilitation, reconstruction, repair or remodeling and replacement of existing public buildings. Subsection (q)(3) and (o)(4)		
Rehab/Reconst/Repair	432,278	
		\$ 432,278
5. Costs of construction of public works and improvements. Subsection (q)(4) and (o)(5)		
Infrastructure Improvements (streets, watermain, etc.)	3,583,666	
		\$ 3,583,666

6. Costs of removing contaminants required by environmental laws or rules (o)(6) - Industrial Jobs Recovery TIFs ONLY		
		\$ -
7. Cost of job training and retraining, including "welfare to work" programs Subsection (q)(5), (o)(7) and (o)(12)		
		\$ -
8. Financing costs. Subsection (q) (6) and (o)(8)		
Debt Service	3,107,301	
		\$ 3,107,301
9. Approved capital costs. Subsection (q)(7) and (o)(9)		
		\$ -
10. Cost of Reimbursing school districts for their increased costs caused by TIF assisted housing projects. Subsection (q)(7.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
11. Relocation costs. Subsection (q)(8) and (o)(10)		
	400,000	
		\$ 400,000

Section 3.2 B

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

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

[illegible]

SECTION 3.3 - (65 ILCS 5/11-74.4-5 (d) (5) 65 ILCS 11-74.6-22 (d) (5))**Breakdown of the Balance in the Special Tax Allocation Fund At the End of the Reporting Period****(65 ILCS 5/11-74.4-5 (d) (5) (D) and 65 ILCS 5/11-74.6-22 (d) (5) (D))****FUND BALANCE, END OF REPORTING PERIOD****\$ (731,475)**

	Amount of Original Issuance	Amount Designated
1. Description of Debt Obligations		
General Obligation Bond Series of 2001	\$ 14,565,000	\$ 14,565,000
General Obligation Bond Taxable Series of 2001	\$ 3,205,000	\$ 2,455,000
General Obligation Bond Taxable Series of 2003	\$ 2,975,000	\$ 2,320,000
General Obligation Bond Refunding Series of 2003	\$ 1,156,430	\$ 856,210
General Obligation Bond Tax Increment Series of 2003	\$ 990,000	\$ 795,269
General Obligation Bond Series of 2004	\$ 1,900,000	\$ 1,750,000
General Obligation Bond Taxable Series of 2004A	\$ 7,500,000	\$ 7,200,000
General Obligation Bond Series of 2004D	\$ 5,080,000	\$ 5,005,000
Total Amount Designated for Obligations	\$ 21,901,430	\$ 20,196,210
2. Description of Project Costs to be Paid		

Total Amount Designated for Project Costs**\$ -****TOTAL AMOUNT DESIGNATED****\$ 20,196,210****SURPLUS*/(DEFICIT)****\$ (20,927,685)**

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

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

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

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

Property Acquired by the Municipality Within the Redevelopment Project Area

Property (1):	
Street address	56 - 58 West Wilson Street
Approximate size or description of property:	Lot 3 except the north 66.05 feet, Lot 4 except the north 66.05 feet, Lot 5 and Lot 6 in Block B in the Town of Palatine in the East Half of the Southeast Quarter of Section 15, Township 42 North, Range 10 East of the Third Principal Meridian in Cook County, Illinois. PINS: 02- 15-414-002 02-1 5-414-004 02-1 5-414-007 02-1 5-41 4-008
Purchase price:	2,601,000.00
Seller of property:	Cyclone Investments, LLC

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)	\$ 284,255,000	\$ 8,000,000	\$ 7,000,000
Public Investment Undertaken	\$ 51,634,709	\$ 3,150,000	\$ 4,650,000
Ratio of Private/Public Investment	5.51		1.51
Project 1: General Development			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 2,226,200	\$ -	\$ -
Ratio of Private/Public Investment	0		0
Project 2: Wellington Court			
Private Investment Undertaken (See Instructions)	\$ 6,000,000	\$ -	\$ -
Public Investment Undertaken	\$ 400,000	\$ -	\$ -
Ratio of Private/Public Investment	15.00		0
Project 3: Downtown Traffic Study			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 72,024	\$ -	\$ -
Ratio of Private/Public Investment	0		0
Project 4: Groves of Palatine			
Private Investment Undertaken (See Instructions)	\$ 98,000,000	\$ -	\$ -
Public Investment Undertaken	\$ 3,971,000	\$ -	\$ -
Ratio of Private/Public Investment	24.68		0
Project 5: Gateway Center			
Private Investment Undertaken (See Instructions)	\$ 18,000,000	\$ -	\$ -
Public Investment Undertaken	\$ 18,269,000	\$ -	\$ -
Ratio of Private/Public Investment	0.99		0
Project 6: Wood Street Watermain			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 251,200	\$ -	\$ -
Ratio of Private/Public Investment	0		0
Project 7: Downtown Streetscape			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 835,100	\$ -	\$ -
Ratio of Private/Public Investment	0		0

Project 8: Smith & Wood Street Improvements			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 867,000	\$ -	\$ -
Ratio of Private/Public Investment	0		0

Project 9: Colfax Street Improvements			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 600,000	\$ -	\$ -
Ratio of Private/Public Investment	0		0

Project 10: Hummel Bldg (Block 19)			
Private Investment Undertaken (See Instructions)	\$ 6,000,000	\$ -	\$ -
Public Investment Undertaken	\$ 1,730,000	\$ -	\$ -
Ratio of Private/Public Investment	3.47		0

Project 11: Providence (Block 31)			
Private Investment Undertaken (See Instructions)	\$ 42,000,000	\$ -	\$ -
Public Investment Undertaken	\$ 9,038,835	\$ -	\$ -
Ratio of Private/Public Investment	4.65		0.00

Project 12: Palatine Station - Toll Brothers			
Private Investment Undertaken (See Instructions)	\$ 35,000,000	\$ -	\$ -
Public Investment Undertaken	\$ 164,700	\$ -	\$ -
Ratio of Private/Public Investment	212.51		0

Project 13: Brownstones Phase 1 - Hummel			
Private Investment Undertaken (See Instructions)	\$ 4,000,000	\$ -	\$ -
Public Investment Undertaken	\$ 1,374,300	\$ -	\$ -
Ratio of Private/Public Investment	2.91		0

Project 14: Palatine Place (Block 27)			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 4,019,350	\$ 2,750,000	\$ 2,750,000
Ratio of Private/Public Investment	0		0

Project 15: Brownstones Phase 2 - Hummel			
Private Investment Undertaken (See Instructions)	\$ 5,000,000	\$ -	\$ -
Public Investment Undertaken	\$ 900,000	\$ -	\$ -
Ratio of Private/Public Investment	5.56		0

Project 16: Downtown Infrastructure			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 234,000	\$ -	\$ -
Ratio of Private/Public Investment	0		0

Project 17: Benchmark			
Private Investment Undertaken (See Instructions)	\$ 21,000,000	\$ -	\$ -
Public Investment Undertaken	\$ 2,098,500	\$ -	\$ -
Ratio of Private/Public Investment	10.01		0

Project 18: Preserves of Palatine			
Private Investment Undertaken (See Instructions)	\$ 30,000,000	\$ -	\$ -
Public Investment Undertaken	\$ 1,018,000	\$ 130,000	\$ 1,000,000
Ratio of Private/Public Investment	29.46954813		0

Project 19: Metropolitan			
Private Investment Undertaken (See Instructions)	\$ 13,000,000	\$ 1,000,000	\$ -
Public Investment Undertaken	\$ 1,895,000	\$ -	\$ -
Ratio of Private/Public Investment	6.860158311		0

Project 20: Music Room			
Private Investment Undertaken (See Instructions)	\$ 1,000,000	\$ -	\$ -
Public Investment Undertaken	\$ 125,000	\$ -	\$ -
Ratio of Private/Public Investment	8		0

Project 21: 19 South Bothwell			
Private Investment Undertaken (See Instructions)	\$ 675,000	\$ -	\$ -
Public Investment Undertaken	\$ 190,000	\$ -	\$ -
Ratio of Private/Public Investment	3.55		0

Project 22: Lamplighters			
Private Investment Undertaken (See Instructions)	\$ 1,000,000	\$ -	\$ -
Public Investment Undertaken	\$ 302,000	\$ -	\$ -
Ratio of Private/Public Investment	3.31		0

Project 23: Mexico Uno			
Private Investment Undertaken (See Instructions)	\$ 580,000	\$ -	\$ -
Public Investment Undertaken	\$ 482,000	\$ -	\$ -
Ratio of Private/Public Investment	1.20		0

Project 24: 4 North Plum Grove Road			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 301,500	\$ -	\$ -
Ratio of Private/Public Investment	0		0

Project 25: Stratford			
Private Investment Undertaken (See Instructions)	\$ 3,000,000	\$ 7,000,000	\$ 7,000,000
Public Investment Undertaken	\$ 270,000	\$ 270,000	\$ 900,000
Ratio of Private/Public Investment	11.11111111		7.777777778

Project 26: Heritage (Smith St Condo/Brownstones)			
Private Investment Undertaken (See Instructions)	\$ -	\$ 8,000,000	\$ 16,000,000
Public Investment Undertaken	\$ -	\$ 1,200,000	\$ 2,000,000
Ratio of Private/Public Investment	0		8

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
1999	\$ 23,256,863	\$ 70,221,202

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

☒ The overlapping taxing districts did not receive a surplus.

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

SECTION 7

Provide information about job creation and retention

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


SECTION 8

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

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

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER

I, Rita L. Mullins, the duly elected Mayor and Chief Executive Officer of the Village of Palatine, County of Cook, State of Illinois, do hereby certify that to the best of my knowledge, the Village complied with the requirements pertaining to the Illinois Tax Increment Redevelopment Allocation Act during the fiscal year beginning January 1, 2006 and ending December 31, 2006.



Rita L. Mullins
Mayor

07/09/2007

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 Incremental Redevelopment Allocation Act set forth thereunder for the fiscal year beginning January 1, 2006 and ending December 31, 2006, to the best of my knowledge and belief.



Patrick Brankin
Village Attorney

7/9/07

Date

Activities Undertaken in Furtherance of the Objectives of the Redevelopment Plan

Authorized the Mayor to execute a redevelopment agreement between the Village of Palatine and R. Franczak & Associates for the Stratford Development.

Authorized the Mayor to execute the first amendment to redevelopment agreement between the Village of Palatine and 100 North Brockway, LLC.

Authorized the Mayor to execute a redevelopment agreement between the Village of Palatine and R. Franczak & Associates for the Smith Street Condominium and Brownstone Development.

Authorized the Mayor to execute the first amendment to redevelopment agreement between the Village of Palatine and Hummel Development, LLC for the Providence Development.

Commissioned a retail study of Downtown Palatine by Melaniphy and Associates.

Continued evaluation of commuter/shopper parking options in Downtown Palatine.



Doc#: 0617218044 Fee: \$118.50
Eugene "Gene" Moore
Cook County Recorder of Deeds
Date: 06/21/2006 12:29 PM Pg: 1 of 48

ORDINANCE NO. 0-89-06

**ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE
A REDEVELOPMENT AGREEMENT BETWEEN THE VILLAGE OF PALATINE AND
R. FRANCAZAK & ASSOCIATES, INC. FOR PROPERTY IN DOWNTOWN PALATINE
156, 200-206 W. JOHNSON STREET AND 161 & 165 W. PALATINE ROAD
(THE STRATFORD DEVELOPMENT)**

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

Published in pamphlet form by authority of the
Mayor and Village Council of the Village of Palatine
On May 15, 2006

ORDINANCE NO. 0-89-06

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE A REDEVELOPMENT
AGREEMENT BETWEEN THE VILLAGE OF PALATINE AND R. FRANCAZAK &
ASSOCIATES, INC.**

**FOR PROPERTY IN DOWNTOWN PALATINE
156, 200-206 W. JOHNSON STREET AND 161 & 165 W. PALATINE ROAD
(THE STRATFORD DEVELOPMENT)**

WHEREAS, the Village of Palatine by Ordinance Nos. 0-224-99, 0-225-99, 0-226-99 and passed by the Mayor and Village Council on December 16, 1999, established a Tax Increment Financing District, adopted a Tax Increment Redevelopment Plan for its downtown and designated a Redevelopment Project Area; and

WHEREAS, on January 24, 2000, the Village Council, at a meeting duly held, did adopt Ordinance No. 0-12-00 correcting certain scrivener's errors in the legal description attached as Exhibit A to Ordinances Nos. 0-224-99, 0-225-99 and 0-226-99 of the Village of Palatine, Cook County, Illinois; and

WHEREAS, the Mayor and Village Council have on May 15, 2006, considered the proposed Redevelopment Agreement with R. Franczak & Associates, Inc. and have determined that entering into this Agreement furthers the purposes of the Tax Increment Financing District and the Redevelopment Plan for Downtown and furthers the public interest; and

WHEREAS, Article 3, paragraph (h) of the Redevelopment Agreement authorizes the Mayor to do all things for and on behalf of the Village of Palatine

regarding the execution of this Agreement and any supporting documents to the extent permitted by law.

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

SECTION 1: The Village of Palatine hereby authorizes the Mayor to execute the Redevelopment Agreement that substantially conforms to Exhibit "A" attached hereto, 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 15 day of May, 2006

AYES: 4 NAYS: 2 ABSENT: 0 PASS: 0

APPROVED by me this 15 day of May, 2006


Pro Tem Mayor of the Village of Palatine

ATTESTED and FILED in the office of the Village Clerk this 15 day of
May, 2006


Village Clerk

REDEVELOPMENT AGREEMENT

THIS REDEVELOPMENT AGREEMENT (this "Agreement"), is made and entered into as of the ____ day of May, 2006, ("Agreement Date") by and between the **VILLAGE OF PALATINE, ILLINOIS**, an Illinois municipal home rule corporation, located in Cook County, Illinois (the "Village"), and **R. FRAN CZAK & ASSOCIATES, INC.** an Illinois corporation (the "Developer"). (The Village and the Developer are sometimes referred to individually as a "Party" and collectively as the "Parties").

RECITALS

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

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

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

1. Ordinance No. O-224-99, adopted December 13, 1999, titled "Ordinance Approving the Village of Palatine Cook County, Illinois, Downtown Area Project Area Development Plan and Project;

2. Ordinance No. O-225-99 adopted December 13, 1999, titled "Ordinance

Designating the Village of Palatine, Illinois, Downtown Area Tax Increment Redevelopment Project Area" ("Downtown Redevelopment Project Area");

3. Ordinance No. O-226-99, adopted December 13, 1999, titled "Ordinance Adopting Tax Increment Financing for the Village of Palatine Downtown Area Tax Increment Redevelopment Project Area in the Village of Palatine, Cook County, Illinois"; and

4. Ordinance No. O-12-00 adopted January 24, 2000, titled "Ordinance Correcting Certain Scrivenor's Errors in the Legal Description Attached as Exhibit A to Ordinance Nos. O-224-99, O-225-99 and O-226-99, of the Village of Palatine, Cook County, Illinois, Downtown Redevelopment; and

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

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

WHEREAS, the Developer desires to redevelop the Property; and

WHEREAS, the Developer filed an application for a Planned Development to seek approval to construct a multiple family residential development as more fully described in Article 2, which the Village agrees to consider; and

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

Redevelopment Plan; and

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

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

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

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

WHEREAS, this Agreement has been submitted to the Directors of the Developer for consideration and review, the Directors have taken all actions required to be taken prior to the execution of this Agreement in order to make the same binding upon the Developer according to the terms hereof, and any and all action of the Developer'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 and of the Developer according to the tenor and import of the statements in such Recitals.

ARTICLE TWO

DEFINITIONS

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

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

"Agreement" means this Redevelopment Agreement.

"Certificate of Completion" means the document to be provided to Developer by the Village, within thirty (30) days after written request from Developer and after Developer has provided all required waiver of liens and sworn statements necessary to comply with the Illinois Mechanics Lien Act and has complied with all Village codes and with the obligations of

this Agreement with respect to the construction of the Project, which document states that the Developer has completed and satisfied all construction terms, covenants and conditions contained in this Agreement.

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

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

"Day" means a calendar day.

"Developer" means R. Franczak & Associates, Inc., an Illinois corporation, or any successor in interest thereof permitted pursuant to Section 8.11 hereof.

"Downtown Redevelopment Project Area" means the entire downtown TIF district created by the Ordinances adopted by the Village in 1999 and 2000.

"Final Plans" means the planned development plans approved by the Village on May

15, 2006 for the Project, as listed on Exhibit "B", as well as any Village required amendments thereto.

"Park" means that area to be dedicated to the Village as open space as set forth as such on Exhibit "C" attached hereto.

"Park Improvements" means the improvements to be made to the Park.

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

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

"Project" means the development, construction, financing, completion and operation of one residential condominium building, containing approximately 61,655 square feet, with approximately 32 condominium units in total, together with Park, Park Improvements and public improvement; all in accordance with the Final Plans to be approved by the Village in the Planned Development ordinance.

"Property" means the approximately 39,135 square feet of land commonly known as 156, 200-206 W Johnson and 161 and 165 W Palatine Rd, Palatine, Illinois and legally described on Exhibit "A".

"R. Franczak & Associated, Inc." means the Developer under this Agreement.

"Redevelopment Plan" means the "Redevelopment Plan" for the Downtown as defined in the Village Ordinance No. O-224-99.

"State" means the State of Illinois.

"TIF Ordinances" means Ordinances Nos. O-224-99, O-225-99 and O-226-99 all adopted

by the Village on December 13, 1999, and Ordinance O-12-00 adopted on January 24, 2000, as described in the Recitals to this Agreement.

"TIF Eligible Expenses" means all qualifying redevelopment project costs that are authorized to be reimbursed by the Act and this Agreement.

"Uncontrollable Circumstance" means any event which:

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

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

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

ARTICLE THREE

CONSTRUCTION

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

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

contrary, such direction or authorization orally by telephone, other telecommunication or otherwise, confirmed in writing, including by telecopier/facsimile transmission, shall be appropriate and is hereby approved. Failure of the investing agent to actually receive such written confirmation shall not render invalid or ineffective any such oral direction or authorization.

- (h) The Village Manager, unless applicable law requires action by the Corporate Authorities, shall have the power and authority to make or grant or do those things, certificates, requests, demands, notices and other actions required that are ministerial in nature or described in this Agreement for and on behalf of the Village and with the effect of binding the Village as limited by and provided for in this Agreement. Developer is entitled to rely on the full power and authority of the persons executing this Agreement on behalf of the Village as having been properly and legally given by the Village.
- (i) In connection with the foregoing and other actions to be taken under this Agreement, and unless applicable documents require action by Developer in a different manner, Developer hereby designates Ray Franczak, Bob Lewandowski, and Jim Duerr as its authorized representatives who shall individually have the power and authority to make or grant or do all things, supplemental agreements, certificates, requests, demands, approvals, consents, notices and other actions required or described in this Agreement for and on behalf of Developer and with the effect of binding Developer in that connection (either of such individuals being "Authorized Developer Representative"). Developer shall have the right to change its Authorized Developer Representative by providing the Village with written notice of such change

which notice shall be sent in accordance with **Section 16.2.**

ARTICLE FOUR

IMPLEMENTATION OF PROJECT

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

ARTICLE FIVE

ACQUISITION OF THE PROPERTY

5.1 Acquisition of Developer's Parcels by Developer. The Developer has purchase contracts on all parcels of land that comprise the Property. Developer agrees to provide the Village with proof that Developer holds contract rights to the Property as a condition precedent to Village's execution of this Agreement.

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 Village Funding. The Village may use proceeds of a Bond sale to fulfill the Village's cash obligations under this Agreement or shall identify alternative sources of funds. The funds shall be disbursed in accordance with the terms of this Agreement.

6.3 Demolition of the Property. The Developer shall undertake the demolition of all structures existing on the Property. The Village, upon complete submittal of materials and an application for demolition by Developer, shall issue the demolition permit. The Developer shall also obtain a demolition permit from Cook County.

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

6.5 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 Downtown 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 Downtown Redevelopment Project Area and this Agreement. Developer will fully cooperate with the Village in connection with the foregoing, at no out-of-pocket cost to Developer without being entitled to reimbursement from the Village so long as said out-of-pocket costs are TIF Eligible Expenses and are pre-approved in writing by the Village.

6.6 Cooperation with Other Permits. The Village agrees to cooperate with Developer in Developer's attempts to obtain all necessary approvals from any governmental or quasi-governmental entity other than the Village. The Village shall further promptly and expeditiously process and consider to the extent allowable under applicable law, any reasonable

request of Developer for zoning and planned development approvals and for relief or variances from Village Zoning and Subdivision ordinances necessary for the construction of the Project.

6.7 **Certificate of Completion.** Within thirty (30) days after written request from Developer and after Developer has provided all required waiver of liens and sworn statements necessary to comply with the Illinois Mechanics Lien Act and has complied with all Village codes and with the obligations of this Agreement with respect to the construction of the Project, the Village shall deliver a certificate of completion and satisfaction of all construction terms, covenants and conditions contained in this Agreement or, if not complete or satisfied, what deficiencies exist. Upon correction of any deficiencies, the Village shall within ten (10) days thereafter deliver the Certificate of Completion.

6.8 **Total TIF Benefit.** The Total TIF Eligible Expenses to be reimbursed by the Village to the Developer, for land acquisition and other TIF Eligible Expenses pursuant to this Agreement, shall not exceed Nine Hundred Thousand (\$900,000) Dollars). The Village shall reimburse the Developer for land acquisition and TIF Eligible development costs as follows: Two Hundred Seventy Thousand Dollars (\$270,000) shall be paid to the Developer upon Village approval of the foundation for the building; an additional Two Hundred Seventy Thousand Dollars (\$270,000) shall be paid to the Developer upon the building being fully enclosed (under roof with all windows and exterior doors); an additional Two Hundred Sixty Thousand Dollars (\$260,000) shall be paid to the Developer upon issuance of the last certificate of occupancy for the Project; and the balance of One Hundred Thousand Dollars (\$100,000) of the TIF reimbursement shall be paid to the Developer upon sale of the last unit.

ARTICLE SEVEN

DEVELOPER'S COVENANTS AND AGREEMENTS

7.1 **Developer's Redevelopment Obligations.** Developer shall have the obligations set

forth in this Article Seven for the development, construction, financing, completion and furtherance of the Project.

7.2 Permit Application Deadlines. Within one hundred twenty (120) days after adoption of the Planned Development ordinance approving the Project, Developer shall have applied for (and made all submittals requirements in conformance with Village codes) a building permit for the building to be constructed on the Property and Developer shall have applied for (and made all submittal requirements in conformance with Village codes) a building permit, curb-cut permits and other necessary land use and construction approvals as shall be necessary or appropriate to construct the entire Project in accordance with the Final Plans. Developer shall proceed with the application for permits and construction of the Project on the Property in accordance with the schedule set forth in Exhibit "D" hereto. This Agreement is subject to the Village adoption of a Planned Development ordinance approving the Project.

7.3 Construction Financing Commitment. Prior to issuance of any permit by the Village, the Developer shall demonstrate to the Village's satisfaction that Developer has sufficient funds to pay the cost of the Project and any other obligations of Developer hereunder relating to the Property. Developer shall obtain a binding commitment, in form and content that is typical in the industry, for construction financing for the Project ("Construction Loan") to be constructed, prior to issuance of any permit by the Village and Developer shall provide a copy to the Village.

7.4 Project Development Budget. Developer shall submit to the Village the project development budget approved by the construction lender when available but not later than seven (7) days prior to issuance of any permits. The Developer agrees that the Village will be provided a reasonable opportunity to meet with the construction lender if requested by the Village.

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

Prior to Village issuance of any permit, Developer shall provide to Village evidence that: (i) all zoning ordinances and resolutions have been obtained; (ii) the Lender has approved the budget for the Project; and (iii) the Developer has a completely executed financing commitment. As a condition to the Village issuing any permit for the Project, Developer shall deliver to the Village an unconditional irrevocable letter of credit in the amount of Two Hundred Fifty Thousand and 00/100 (\$250,000.00) Dollars in form and substance acceptable to the Village (the "LOC") which LOC may be drawn on by the Village upon the occurrence of a Penalty Event as defined in **Exhibit "D"**. Seventy-Five Thousand Dollars (\$75,000) of the LOC shall be released at the time that the Village certifies the completion of the foundation of the building. Seventy-five Thousand Dollars (\$75,000) of the LOC shall be released at the time that the Village certifies that the building is fully enclosed (under roof and with all windows and exterior doors). The balance of the letter of credit shall be released upon the completion of the one-year maintenance period as required under the Village Code.

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

7.7 Compliance with Applicable Laws. Developer warrants that it shall at all times acquire, install, construct, operate and maintain the Project in conformance with all applicable laws, rules, ordinances, regulations, and this Agreement. All work with respect to the Project shall conform to all applicable federal, state and local laws, regulations and ordinances, including, but not limited to, zoning, subdivision, planned development codes, building codes, environmental codes, life safety codes, property maintenance codes and any other applicable codes and ordinances of the Village. Village shall not enact any law, ordinance, rule or

regulation (or amendment thereto) which would have the effect of increasing Developer's obligations hereunder, including an increase in the cost of the Project, unless said law, ordinance, rule or regulation is one of general applicability to all the property in the Village.

7.8 **No Default.** The Developer shall not be in default under this Agreement or be in default under any agreement with any other party in connection with the development of the Property, which default has not been cured after the giving of proper notice thereunder and all rights to cure have lapsed. Failure to comply with this term renders the Developer in default of this Agreement, subject to Developer's right to cure under this Agreement.

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

7.10 **Authorized Representative.** Subject to the provisions thereof, Developer has designated in **Article Three**, three representatives who individually shall each have the full power and authority to meet with Village staff for purposes of coordinating and implementing obligations of the Parties under this Agreement.

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

7.12 Tax Exempt Status. Consistent with its covenant in **Section 8.7**, Developer and successor owners shall not assert a tax-exempt status during their respective period of ownership. This prohibition shall run with the land and shall expire on the date the Downtown Redevelopment Project Area expires or an earlier date if agreed by the Village and Developer.

7.13 Real Estate Tax Challenges. Developer and subsequent owners agree not to challenge, contest or seek reduction in the tax assessment during the life of the TIF.

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

7.15 MWRD Fees. Developer shall be responsible for paying any MWRD service fees in connection with its development.

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

~~Notwithstanding the foregoing, no "Art Amenity Fee" shall be assessed against or paid by Developer in connection with this Project.~~

Developer's failure to pay the fees and expenses described in this **Section 7.16**, or elsewhere in this Agreement, shall constitute an Event of Default hereunder. Without waiving its rights against Developer, the Village may be reimbursed for said fees and expenses to the extent they are eligible costs out of the Special Tax Allocation Fund.

7.17 Loan Agreement. Prior to issuance of the Certificate of Completion by the Village, Developer shall not use the Property as collateral for anything other than the cost of constructing the Project. Developer's Loan Agreement shall expressly provide that the amount

of said Loan may not be increased without the consent of the Village, if Developer increases the amount of its loan in an amount that exceeds the appraised value of the Property less the Total TIF Benefit paid.

7.18 Use of Plans. In the event the Developer fails for any reason to complete the Project, Developer shall assign to the Village, or as the Village shall direct, all of its right, title and interest in the Concept, Preliminary and Final Plans for engineering, landscaping, architecture and all other plans for the Property. Prior to issuance of any permit by the Village, Developer shall deliver to the Village letters from the architect, engineer and all other consultants that have provided development services to the Developer that prepared the Concept, Preliminary and Final Plans permitting the Village or its assignee to use them, in accordance with this Section 7.18, without further charge. The Developer shall be responsible to make all payments due to the architect, engineer and other consultants in order for the Village to use said plans.

ARTICLE EIGHT

ADDITIONAL COVENANTS OF DEVELOPER

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

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

Developer shall improve the Park (as depicted on Exhibit "C") and install the Park

Improvements in accordance with plans to be agreed upon between the Parties at a later date. Developer shall cause construction of the Park and Park Improvements to be constructed and completed as part of the Project. Developer's costs, for purposes of this Section, shall consist solely of construction hard costs. If said costs exceed One Hundred Thousand Dollars (\$100,000) the Village shall pay the excess. Notwithstanding anything herein to the contrary, soft costs for the design of the Park, incurred after the date of execution of this Agreement, shall be included in the One Hundred Thousand Dollar (\$100,000) amount, but in no event shall the amount of the soft costs exceed Ten Percent (10%) or Ten Thousand Dollars (\$10,000). The land upon which the Park will be built shall not be donated and conveyed to the Village until the Developer completes construction of the Park and the Village accepts same. The Village reserves the right to convey the property to a third party. The Park property shall be conveyed by special warranty deed subject to covenants, conditions and restrictions of record that are deemed acceptable to the Village in its sole discretion. The cost of any title policy and/or survey required by the Village as part of the conveyance shall be paid by the Developer. The closing will be consummated pursuant to standards and customary practices in Cook County. The Village shall only be responsible for the maintenance, repair and replacement of the Park and any Park Improvements located on the Park from and after the date of conveyance to the Village, or its assignee. The Park and Park Improvements shall be completed and land for the Park shall be conveyed by Developer to the Village at the time of issuance of the last certificate of occupancy for the Project. Notwithstanding the foregoing, should the Village so elect, and upon proper notice to the Developer, the Village may undertake to construct the Park at its own expense and under its own supervision, in which case One Hundred Thousand Dollars (\$100,000) may be deducted by the Village from the final TIF payment due the Developer under Section 6.8 of this Agreement. Said election must be executed by November 1, 2006. In the

event the election is made, the Park property will be conveyed within a reasonable period of time thereafter and any title and survey charges will be paid for by the Developer.

8.3 Indemnification. Developer (use of the term "Developer" herein includes permitted successors and assigns), agrees to indemnify, defend and hold the Village, Mayor, Village Council Members, Village Manager, officers, agents and employees (hereinafter "Indemnified Parties") harmless from and against any losses, costs, damages, liabilities, claims suits, actions, causes of action and expenses (including, without limitation, reasonable attorneys' fees and court costs) suffered or incurred by the Indemnified Parties which are caused as a result of:

- a. The failure of Developer to comply with any of the terms, covenants or conditions of this Agreement which Developer is obligated to comply with; or
- b. The failure of Developer or any of Developer's contractors to pay contractors, subcontractors or materialmen in connection with the Project; or
- c. Material misrepresentations or omissions of Developer relating to the Project, financials or this Agreement which are the result of information supplied or omitted by Developer or by its agents, employees, contractors or persons acting under the control or at the request of Developer; or
- d. The failure of Developer to cure any material misrepresentations or omissions of Developer in this Agreement relating to the Project within the applicable cure provisions of this Agreement; or
- e. Any claim or cause of action for injury or damage brought by a third party arising out of the construction or operation of the Project by Developer; or
- f. Any violation by Developer of local ordinance, state or federal laws, in connection with the offer and sale of interests in the Developer or any part of the Project.
- g. The occurrence of an Event of Default by Developer.

The provisions of this **Section 8.3** shall not apply to a loss which arises out of (in whole or in part) intentional misconduct on the part of any Indemnified Party providing this information, but only to the extent that such Indemnified Parties' misconduct or negligence or misstatement of fact contributed to the loss, or that the loss is attributable to such Indemnified Parties' misconduct or negligence or misstatement of fact.

8.4 Insurance. Prior to issuance of any permit, Developer (or Developer's contractor) shall deliver to the Village, at Developer's cost and expense, insurance required to be carried by Developer pursuant to **Article Twelve**. The Village shall be named as an additional insured party on Developer's insurance policies.

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

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

8.7 Conveyance. In recognition of the nature of the Project and the Village's projections of the need for incremental tax revenues to finance TIF Eligible Expenses, in accordance with the Act, during the life of the TIF, Developer 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, and shall impose in the deed conveying all or any portion of the Property, a prohibition against granting such conveyance consistent with the covenants in Sections 7.12.

8.8 Disclosure. Prior to the Village execution of this Agreement, Developer shall disclose to the Village the names, addresses and ownership interests of all Persons that comprise Developer, including all shareholders of the corporation. No change shall be made in the persons comprising Developer or in their ownership interests (excluding transfers due to death) without the consent of the Village. All changes made in the persons comprising the Developer or to their ownership interests shall be disclosed to the Village during the term of this Agreement.

8.9 Open Book Project. Developer's Project shall be an "open book" project meaning that Developer and the general contractor (or contractors, if more than one) will assure continuing access to the Village's agents for the purpose of reviewing and auditing their respective books and records relating to any item necessary to determine the costs of the Project. The foregoing Village review rights shall terminate one (1) year after the issuance of the final certificate of occupancy with respect to costs for the Project, unless the Developer has failed to make available any such books and/or records requested in writing by the Village. Developer shall provide to the Village copies of any partnership, limited liability operating agreements or joint venture agreements pertaining to the Property to which the Developer is a party; provided that the Developer may, (if Developer has previously provided the Village not less than thirty (30) days to review such confidential financial materials), remove from the copies of such agreements any confidential financial information previously disclosed to the Village and not since changed in form or substance and the Village shall keep such agreements confidential, to the maximum extent permitted by law. Failure to provide the documents or allow review of the books within fifteen (15) days after request by the Village shall be an Event of Default.

Developer shall exercise prudence and good faith in attempting to contract with persons or entities who are reputable and experienced in their respective areas for the provision of services or material for the design and construction of the Project at costs not in excess of market rates. The Village agrees that the Developer may designate within its discretion the general contractor (or general contractors) for the Project. The general contractor (or general contractors) designated by Developer shall be experienced and reputable.

8.10 Assignment of Agreement. This Agreement is not assignable except for Permitted Transfers (as hereinafter defined), until a Certificate of Completion for the entire Project including Off-Site Improvements is issued by the Village. Notwithstanding anything in this Section 8.10, no part of this Section 8.10 shall require the Village's consent to the collateral assignment hereof to Developer's construction lender or permanent lender, if required thereby, or to a Permitted Transferee. Prior to completion of the Project, Developer shall give notice of any transfer to a Permitted Transferee to the Village together with the ownership interests of the Permitted Transferee.

8.11 No Transfer without Village's Consent. Prior to issuance of a Certificate of Completion for the entire Project including Off-Site Improvements, no portion of the Developer's Project shall be transferred or conveyed (other than to Permitted Transferees). Developer shall notify the Village of any transfer of any interest in the Project other than: (i) transfers of interests in connection with the sale of individual condominium units and such units' interest in the common elements of the condominium to the future resident of such unit, (individual condominium unit owners shall not be considered to be an assignment but merely a successor in title under this Agreement), (ii) transfers of any property to the condominium associations(s) and homeowners association(s) to be established, and (iii) the execution of licenses, concessions or leases of any part of the Project. Developer shall notify the Village of any transfers to an

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

ARTICLE NINE

ADHERENCE TO VILLAGE CODES AND ORDINANCES

All development and construction of the Project shall comply in all respects with the provisions in this Agreement, the Building, Plumbing, Mechanical, Electrical, Storm Water Management, Fire Prevention, Property Maintenance, Zoning and Subdivision Codes of the Village and all other germane codes and ordinances of the Village in effect on the date that an application for the full building permit for the Project is filed, unless otherwise mandated by State law. Developer has examined and is familiar with and agrees that its development of the Project shall be performed in accordance with all the covenants, conditions, restrictions, building regulations, zoning ordinances, property maintenance regulations, environmental regulations and land use regulations, codes, ordinances, federal, state and local ordinances affecting the Project.

ARTICLE TEN

REPRESENTATIONS AND WARRANTIES OF DEVELOPER

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

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

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

party or any of its venturers is bound.

10.3 Location of Project. The Project will be located entirely within the Property, except for any public improvements.

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

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

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

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

ARTICLE TWELVE

LIABILITY AND RISK INSURANCE.

12.1 Liability Insurance Prior to Completion. Prior to the issuance of any Building Permits, Developer (or Developer's contractor) shall procure and deliver to the Village, at Developer's (or such contractor's) cost and expense, and shall maintain in full force and effect until each and every obligation of Developer contained herein has been fully paid, or performed, a policy or policies of comprehensive liability insurance and, during any period of construction, contractor's liability insurance and worker's compensation insurance, with liability coverage under the comprehensive liability insurance to be not less than Two Million (\$2,000,000.00) Dollars each occurrence and Five Million (\$5,000,000.00) Dollars in the aggregate. All such policies shall be in such form and issued by such companies as shall be acceptable to the Village to protect the Village and Developer against any liability incidental to the use of or resulting from any claim for injury or damage occurring in or about the Project on the Property, or the construction and improvement thereof by Developer. Each such policy shall name the Village as

an additional insured and shall contain an affirmative statement by the issuer that it will give written notice to the Village at least thirty (30) days prior to any cancellation or amendment of its policy. Developer may satisfy its insurance obligations in this **Article Twelve** by way of a blanket policy or policies which includes other liabilities, properties and locations having a general policy aggregate of at least Ten Million (\$10,000,000.00) Dollars. Developer shall provide to the Village a replacement certificate not less than 30 days prior to expiration of any policy.

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

ARTICLE THIRTEEN

EVENTS OF DEFAULT AND REMEDIES.

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

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

days after written notice from the Village.

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

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

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

e. The commencement by Developer of a voluntary case under the federal

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

- f. Failure to have funds to meet Developer's obligations.
- g. Sale, assignment, or transfer of the Project except in accordance with this Agreement.
- h. Change in the Developer (other than to Permitted Transferees).
- i. Developer abandons the Project on the Property. Abandonment shall be deemed to have occurred when work stops on the Property for more than thirty (30) days for any reason other than Uncontrollable Circumstances.
- j. Developer fails to comply with applicable governmental codes and regulations in relation to the construction and maintenance of the buildings contemplated by this Agreement. The maintenance requirement of this provision shall not be covered by and shall survive any Certificate of Completion or Estoppel Certificate of any kind issued during the term of this Agreement.
- k. Failure to renew or extend the letter of credit thirty or more days prior to its expiration date (in which event the Village may draw the full amount of the letter of credit).

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

- a. If any material representation made by the Village in this Agreement, or in any

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

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

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

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

13.3 Remedies for Default. In the case of an Event of Default hereunder:

a. The defaulting party shall, upon written notice from the non-defaulting party, take immediate action to cure or remedy such Event of Default. If, in such case, any monetary Event of Default is not cured, or if in the case of a non-monetary Event of Default, except for circumstances contemplated under Section 13.1 (a), action is not taken or not diligently pursued, or if action is taken and diligently pursued but such Event of Default or breach shall not be cured or remedied within a reasonable time, but in no event more than fifteen (15) additional days unless extended by mutual agreement, the non-defaulting party may institute

such proceedings as may be necessary or desirable in its opinion to cure or remedy such default or breach, including, but not limited to, proceedings to compel specific performance of the defaulting party's obligations under this Agreement.

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

c. In the case of an Event of Default by Developer, in addition to any other remedies at law or in equity, the Village shall be relieved of its obligations under this Agreement, d. In the event an Event of Default, which is not timely cured, or in the event a "Default Date" as defined in Exhibit "D" is missed, the Village may immediately draw on the letter of credit.

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

13.5 No Waiver by Delay or Otherwise. Any delay by either party in instituting or prosecuting any actions or proceedings or otherwise asserting its rights under this Agreement shall not operate to act as a waiver of such rights or to deprive it of or limit such rights in any way (it being the intent of this provision that neither party should be deprived of or limited in

the exercise of the remedies provided in this Agreement because of concepts of waiver, laches or otherwise); nor shall any waiver in fact made with respect to any specific Event of Default be considered or treated as a waiver of the rights by the waiving party of any future Event of Default hereunder, except to the extent specifically waived in writing. No waiver made with respect to the performance, nor the manner or time thereof, of any obligation or any condition under the Agreement shall be considered a waiver of any rights except if expressly waived in writing.

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

ARTICLE FOURTEEN

EQUAL EMPLOYMENT OPPORTUNITY

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

14.2 Advertisements. Developer will, in all solicitations or advertisements for employees

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

14.3 Contractors. Any contracts made by Developer with any general contractor, agent, employee, independent contractor or any other Person in connection with Project shall contain language similar to that recited in Sections 14.1 and 14.2 above.

ARTICLE FIFTEEN

MISCELLANEOUS PROVISIONS.

15.1 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) electronic communications, whether by telex, telegram or telecopy, (c) overnight courier, or (d) registered or certified first class mail, postage prepaid, return receipt requested.

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

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

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

If to Developer: R. Franczak & Associates, LLC
751 Graceland Avenue
Des Plaines IL 60091
Attn: Ray Franczak

With a copy to: Dowd, Dowd & Mertes, Ltd.
701 Lee Street, Suite 790
Des Plaines, Illinois 60016
Attn: Drake D. Mertes

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

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

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

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

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

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

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

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

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

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

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

15.11 Successors in Interest. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective authorized successors and assigns; provided, however, that, except as provided in Section 8.10 and 8.11 hereof, Developer may not assign its rights under this Agreement without the express written approval of the Village.

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

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

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

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

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

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

ARTICLE SIXTEEN

EFFECTIVENESS

The Effective Date for this Agreement shall be the day on which this Agreement is fully executed pursuant to a duly enacted Village ordinance authorizing the execution and adoption

Council Packet
5/11/06

of this Agreement. Developer shall execute this Agreement prior to Village Council authorization of execution of this Agreement.

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: Greg J. Sully
Its: Mayor
Pro Tem

ATTEST:

By: Margaret B...
Its: Village Clerk

DEVELOPER:

R. FRANCAZAK & ASSOCIATES, INC.

By: [Signature]

Name: _____

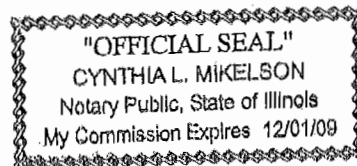
Its: President

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Cynthia L. Mikelson, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Ray Franczak of R. Franczak & Associates, 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 6th day of June 2006.

Cynthia L. Mikelson
Notary Public

My commission expires 12/01/09.

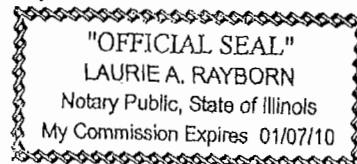


STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, LAURIE A. RAYBORN, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that GREGORY SOLBERG, Mayor and MARGARET P. DUEK, Clerk of The Village of Palatine, an Illinois ^{PRO TEM}, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act as said Mayor and Clerk and as the free and voluntary act of said Village for the uses and purposes therein set forth.
GIVEN under my hand and Notarial Seal this 15th day of MAY 2006.

Laurie A. Rayborn
Notary Public

My commission expires 1/7/10.



EXHIBITS

EXHIBIT A	LEGAL DESCRIPTION OF PROPERTY
EXHIBIT B	FINAL PLANS AS APPROVED BY THE VILLAGE COUNCIL
EXHIBIT C	PARK LAND DEPICTION
EXHIBIT D	DEVELOPMENT SCHEDULE

OVERALL PROPERTY DESCRIPTION

02-22-201-010

ALL THAT PART OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 22, TOWNSHIP 42 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHEAST CORNER OF SAID NORTHWEST QUARTER OF THE NORTHEAST QUARTER; THENCE SOUTH ALONG THE EAST LINE THEREOF, 165 FEET; THENCE WEST 66 FEET; THENCE NORTH 165 FEET; THENCE EAST 66 FEET TO THE POINT OF BEGINNING (EXCEPT THE NORTH 33 FEET THEREOF), IN COOK COUNTY, ILLINOIS.

02-22-202-010

THE WEST 16.50 FEET OF THE NORTH 297 FEET (EXCEPT THE NORTH 33 FEET THEREOF) OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 22, TOWNSHIP 42 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

02-22-202-011

LOT 5 IN BLOCK "D" IN PALATINE, BEING ALEXANDER S. PRATT'S SUBDIVISION OF PART OF THE NORTHEAST QUARTER OF SECTION 22, TOWNSHIP 42 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, ALSO VACATED JACKSON STREET LYING WEST OF AND ADJACENT TO SAID LOT 5, EXCEPT THE WEST 16.5 FEET THEREOF, IN COOK COUNTY, ILLINOIS.

02-22-201-042

02-22-201-043

02-22-201-044

02-22-201-045

LOT 7 AND THE EAST 29 FEET OF LOT 6 IN BLOCK 8 IN R. HOUSTON JR. AND SONS GLEN TYAN MANOR BEING A SUBDIVISION OF PART OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 22, TOWNSHIP 42 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

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Exhibit C

**PALATINE - JOHNSON
PUBLIC PARK DEDICATION DESCRIPTION**

PART OF 02-22-201-010

ALL THAT PART OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 22, TOWNSHIP 42 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHEAST CORNER OF SAID NORTHWEST QUARTER OF THE NORTHEAST QUARTER; THENCE SOUTH 00 DEGREES 09 MINUTES 24 SECONDS EAST ALONG AN ASSUMED BEARING, BEING THE EAST LINE THEREOF, 74.13 FEET; THENCE SOUTH 89 DEGREES 50 MINUTES 36 SECONDS WEST PERPENDICULAR TO THE LAST DESCRIBED LINE 66.00 FEET; THENCE NORTH 00 DEGREES 09 MINUTES 24 SECONDS WEST 74.18 FEET TO A POINT ON THE NORTH LINE OF SAID SECTION 22; THENCE NORTH 89 DEGREES 53 MINUTES 07 SECONDS EAST ALONG THE LAST DESCRIBED LINE 66.00 FEET TO THE POINT OF BEGINNING (EXCEPT THE NORTH 33 FEET THEREOF), IN COOK COUNTY, ILLINOIS.

ALSO

PART OF 02-22-202-010

THE WEST 16.50 FEET OF THE NORTH 297 FEET (EXCEPT THE NORTH 33 FEET THEREOF) OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 22, TOWNSHIP 42 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING NORTH OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT THE NORTHWEST CORNER OF SAID NORTHEAST QUARTER OF THE NORTHEAST QUARTER; THENCE SOUTH 00 DEGREES 09 MINUTES 24 SECONDS EAST ALONG AN ASSUMED BEARING, BEING THE WEST LINE THEREOF, 74.13 FEET TO THE POINT OF BEGINNING; THENCE NORTH 89 DEGREES 50 MINUTES 36 SECONDS EAST PERPENDICULAR TO THE LAST DESCRIBED LINE 16.50 FEET TO THE POINT OF TERMINUS, IN COOK COUNTY, ILLINOIS.

PREPARED May 9, 2006
SPACECO, INC., cbl

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EXHIBIT D - DEVELOPMENT SCHEDULE

<u>Action:</u>	<u>Target Date:</u>	<u>Default Date:</u>	<u>Penalty:</u>
Obtain Final PUD Approval	May 31, 2006	July 31, 2006	\$10,000
Close on remaining properties Demo Buildings Clear Site	July 31, 2006	October 31, 2006	\$10,000
Apply for Building Permit	August 31, 2006	November 30, 2006	\$20,000
Complete building foundation	March 30, 2007	June 30, 2007	\$50,000
Building fully enclosed (under roof and with all windows and exterior doors)	July 31, 2007	October 31, 2007	\$60,000
Complete the development	October 31, 2007	December 31, 2007	\$100,000



Doc#: 0621949067 Fee: \$92.00
Eugene "Gene" Moore RHSP Fee: \$10.00
Cook County Recorder of Deeds
Date: 08/07/2006 10:36 AM Pg: 1 of 35

ORDINANCE NO. 0-109-06

**AN ORDINANCE
AUTHORIZING THE MAYOR TO EXECUTE AN AMENDMENT
TO THE FIRST AMENDED REDEVELOPMENT AGREEMENT BETWEEN
THE VILLAGE OF PALATINE AND 100 N. BROCKWAY, LLC,
AN ILLINOIS CORPORATION FOR THE PROPERTY AT
100 N. BROCKWAY STREET**

02-15-413-004/005

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

**Published in pamphlet form by authority of the
Mayor and Village Council of the Village of Palatine
On June 26, 2006**

ORDINANCE NO. 0-109-06

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE AN AMENDMENT TO
THE FIRST AMENDED REDEVELOPMENT AGREEMENT
BETWEEN THE VILLAGE OF PALATINE AND 100 N. BROCKWAY, LLC
AN ILLINOIS CORPORATION FOR THE PROPERTY AT
100 N. BROCKWAY STREET**

WHEREAS, the Village of Palatine by Ordinance Nos. 0-224-99, 0-225-99, 0-226-99 and passed by the Mayor and Village Council on December 16, 1999, established a Tax Increment Financing District, adopted a Tax Increment Redevelopment Plan for its downtown and designated a Redevelopment Project Area; and

WHEREAS, on January 24, 2000, the Village Council, at a meeting duly held, did adopt Ordinance No. 0-12-00 correcting certain scrivener's errors in the legal description attached as Exhibit A to Ordinances Nos. 0-224-99, 0-225-99 and 0-226-99 of the Village of Palatine, Cook County, Illinois; and

WHEREAS, the Village of Palatine entered into a Redevelopment Agreement with 100 N. Brockway, LLC, an Illinois Corporation dated October 20, 2003 for the property at 100 N. Brockway Street (formerly Emmett's Tavern); and

WHEREAS, the Mayor and Village Council have on June 26, 2006, considered the proposed Amendment to the Redevelopment Agreement with 100 N. Brockway, LLC, and Brockway Chophouse, LLC, an Illinois Corporation, and have determined that entering into this Agreement furthers the purposes of the

6/22/2006 11:11 AM

Tax Increment Financing District and the Redevelopment Plan for Downtown and furthers the public interest; and

WHEREAS, Article 3, paragraph (h) of the Redevelopment Agreement authorizes the Village of Palatine to do all things regarding the execution of this Agreement and any supporting documents to the extent permitted by law.

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:

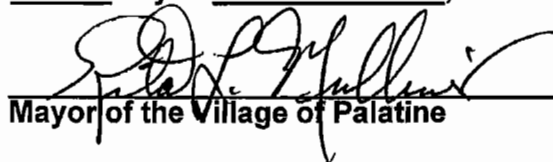
SECTION 1: The Village of Palatine hereby authorizes the Mayor to execute an Amendment to the Redevelopment Agreement attached hereto as Exhibit "A", pursuant to the Tax Increment Financing Act, Section 65 ILCS 5/11-74/4-4(c) and authorizes the Mayor to execute any other supporting documents to the extent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

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

PASSED: This 26 day of June, 2006

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

APPROVED by me 26 day of June, 2006



Mayor of the Village of Palatine

ATTESTED and FILED in the office of the Village Clerk

This 26 day of June, 2006



Village Clerk

FIRST AMENDMENT TO

FIRST AMENDED

REDEVELOPMENT AGREEMENT

THIS FIRST AMENDMENT TO THE FIRST AMENDED
REDEVELOPMENT AGREEMENT (sometimes referred to as this "First Amendment"
and sometimes referred to as this "Agreement"), is made and entered into as of the
26 day of June, 2006 ("Agreement Date") by and between the VILLAGE OF
PALATINE, ILLINOIS, an Illinois municipal home rule corporation, located in Cook
County, Illinois (the "Village"), and 100 N. BROCKWAY, LLC ("100 N. Brockway
LLC"), and Brockway Chophouse, LLC, formerly known as Emmett's Palatine, LLC
(the "Owner"). (The Village and the Owner are sometimes referred to individually as a
"Party" and collectively as the "Parties").

RECITALS

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

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

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

29 WHEREAS, the Parties hereto previously entered into that certain First
30 Amended Redevelopment Agreement date as of October 20, 2003 (the "First Amended
31 RDA"); and

32 WHEREAS, subsequent to 100 N Brockway LLC's commencement of
33 construction and after the Village completed its remediation of the Property, 100 N
34 Brockway LLC encountered soils that the IEPA agreed could remain on site under the
35 engineered barrier to be constructed by 100 N Brockway LLC. The IEPA intended to
36 issue a No Further Remediation letter without requiring removal of the soil. However
37 due to the proximity of the soil to the building, and due to the concern of 100 N
38 Brockway LLC, 100 N Brockway LLC requested additional financial assistance from
39 the Village to remove the soil even though the IEPA would allow the soil to remain on
40 the Property and even though the IEPA intended to issue a No Further Remediation
41 letter without requiring the soils to be removed. In an effort to remove all doubt and
42 concern about the condition of the Property from an environmental standpoint, and
43 given the intended Restaurant use of a portion of the Property, the Village agreed to
44 provide 100 N Brockway LLC with partial funding towards removal of the soil; and

45 WHEREAS, the Restaurant, as hereinafter defined, was issued its original
46 certificate of occupancy on February 10, 2005; and

47 **WHEREAS**, Owner has requested a change in the management company of the
48 Restaurant and micro-brewery; and

49 **WHEREAS**, the Parties wish to amend the First Amended RDA as provided
50 hereinbelow: and

51 **WHEREAS**, this First Amendment has been submitted to the Corporate
52 Authorities of the Village for consideration and review, the Corporate Authorities
53 have taken all actions required to be taken prior to the execution of this First
54 Amendment in order to make the same binding upon the Village according to the
55 terms hereof, and any and all actions of the Corporate Authorities of the Village
56 precedent to the execution of this First Amendment have been undertaken and
57 performed in the manner required by law; and

58 **WHEREAS**, this First Amendment has been submitted to the Manager of the
59 Owner and to the Manager of 100 N Brockway LLC for consideration and review, the
60 Members have taken all actions required to be taken prior to the execution of this First
61 Amendment in order to make the same binding upon the Owner and 100 N Brockway
62 LLC according to the terms hereof, and any and all action of the Owner's and 100 N
63 Brockway's Manager precedent to the execution of this First Amendment have been
64 undertaken and performed in the manner required by law.

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

69
70 **ARTICLE ONE**

71
72 **INCORPORATION OF RECITALS**

73
74 The findings, representations and agreements set forth in the above Recitals are
75 material to this First Amendment and are hereby incorporated into and made a part of
76 this First Amendment as though fully set out in this Article One, and constitute
77 findings, representations and agreements of the Village, 100 N Brockway LLC, and of
78 the Owner according to the tenor and import of the statements in such Recitals.

79 **ARTICLE TWO**

80 **DEFINITIONS**

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

85 **"100 N. Brockway, LLC"** means the owner of the Property under the First
86 Amended RDA.

87 **"Owner"** means Brockway Chophouse LLC, formerly known as Emmett's of
88 Palatine, LLC, an Illinois Limited Liability Company, or any successor in interest
89 thereof permitted pursuant to Section 17.14 hereof, the Owner of the Restaurant.
90 Owner is referred to as "Purchaser" in Article Fifteen.

91 **"Final Plans"** means the final planned development site plans approved by the
92 Village Council on June 2, 2003 for the Project, which consists of the plans listed on
93 Exhibit F of the First Amended RDA.

94 **"Project"** means the operation retail/commercial space principally dedicated to
95 restaurant, bar, microbrewery, outdoor café, live entertainment, and related
96 improvements in accordance with the Final Plans prepared by Tilton, Kelly and Bell
97 and pursuant to the Planned Development and attached as Exhibit "F" to the First
98 Amended RDA.

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

101 **"Restaurant"** means Brockway Chop House which shall consist of a full service
102 upscale restaurant and microbrewery.

103 **ARTICLE THREE**

104 **CONSTRUCTION**

105 For purposes of this First Amendment, except where the context by clear
106 implication shall otherwise require, words and terms used in this First Amendment
107 shall be construed and applied the same as in the First Amended RDA.

108 **ARTICLE FOUR**

109 **IMPLEMENTATION OF PROJECT**

110 The Village, 100 N Brockway LLC and the Owner agree to cooperate in
111 implementing the Project in accordance with the Parties respective obligations set
112 forth in this First Amendment. In that regard, implementation of the Project for
113 purposes of this First Amendment shall mean the re-opening of the Restaurant and
114 operation of the Restaurant as originally anticipated under the First Amended RDA.

115 ARTICLE FIVE

116 DESIGNATION OF RESTAURANT MANAGERS

117 The Village accepts the Owner's designation of Billy Arnott and Scott Smith
118 ("Managers") as managers of the Restaurant to be operated on the Property. For
119 purposes of clarity, it is noted that the Manager's restaurant management company is
120 known as Jilly's Management Team, L.L.C. The individual Managers of the Restaurant
121 are hereby approved by the Village, subject to the terms of this Agreement and only so
122 long as Owner is not in default of this Agreement after the expiration of all applicable
123 cure periods. Any change in the individual Managers of the Restaurant shall require
124 an amendment to this First Amendment. The Owner shall provide notice to the
125 Village, in writing, as soon as the Owner and the members of the Owner consider a
126 change in the Managers of the Restaurant.

127 ARTICLE SIX

128 OWNER'S COVENANTS AND AGREEMENTS

129 6.1 Repurchase by the Village. The terms of the First Amended RDA relating
130 to "repurchase by the Village" provisions shall remain in full force in effect.

131 All of Owner's obligations herein (including those set forth in Articles Eight, Nine
132 and Ten), shall be documented by Owner, to the satisfaction of the Village. Failure of
133 the Owner to comply with these terms and conditions shall constitute an Event of
134 Default as defined herein.

135 6.2 Real Estate Tax Challenge. Owner agrees that section 9.19 of the First
136 Amended Redevelopment Agreement dated October 20, 2003, shall be amended to
137 read as follows:

“Developer, Owner herein, and subsequent owners agree not to challenge, contest or seek reduction in the tax assessment during the life of the TIF Fund below the equalized assessed valuations prepared by S.B. Friedman and Company, attached as Exhibit “K” (“EAV”) to the First Amended Redevelopment Agreement, the result of which would or is to reduce the assessed value of the Property below the estimated assessed values for the Property as set forth on Exhibit “K”. If any tax assessment challenged by Developer, Owner, or subsequent owners results in the assessed value of the Property dropping below the EAV for a particular year, Village may draw on the LOC to make up the resulting lost real estate taxes. Notwithstanding anything herein to the contrary, Developer, Owner and subsequent owners warrant and agree not to utilize vacancy of any space in the building, including but not limited to the restaurant, as a basis, justification or reason for any challenge, contest or reduction request in the tax assessment during the life of the TIF. The restriction regarding a real estate tax challenge based on vacancy in the building shall terminate on July 31, 2010.

ARTICLE SEVEN

VILLAGE COVENANTS AND AGREEMENTS.

7.1 Village’s Redevelopment Obligations. The Village shall have the obligations set forth in this Article Seven in connection with environmental remediation reimbursement in furtherance of the Project. Notwithstanding the obligations of this Article Seven, this Agreement shall not constitute a debt of the Village within the meaning of any constitutional statutory provision or limitation.

7.2 Liquor License. The Village agrees to consider issuance to the Owner of a liquor license subject to: 1) application for said license by Owner; (ii) Owner’s

compliance with all terms and conditions for liquor licenses in the Village; (iii) Owner does not violate any of the terms, conditions or requirements for liquor license issued by the Village ; (iv) all personnel of Owner complying with all terms, requirements and conditions of the Village liquor code for liquor license employees.

7.3 Partial Reimbursement for Environmental Remediation. The Village shall reimburse the Owner within thirty (30) days of the date the Restaurant is re-opened for business to the public, subject to the conditions set forth below. Said reimbursement shall be for fifty (50%) percent of the remediation costs attributable to the soil that was discovered adjacent to the building prior to its construction in an amount not to exceed seven thousand (\$7,000.00) dollars. Prior to and as an additional condition of payment for the removal of the soil, the Owner shall submit actual receipts evidencing payment for the cost of removal of the soil in a form acceptable to the Village, and the Owner shall pay in full all unpaid food and beverage taxes, and any and all other monies due the Village. In addition the Business License for the Brockway Chop House shall not be issued until said monies are paid to the Village.

ARTICLE EIGHT

OWNER'S COVENANTS AND AGREEMENTS

8.1 Owner's Redevelopment Obligations. Owner shall have the obligations set forth in this Article Eight for the continued operation and furtherance of the Project.

8.2 Letter of Credit, Permits and Other Security. Owner and/or 100 N Brockway LLC previously provided to the Village an unconditional irrevocable letter of credit in the amount of Seven Hundred Thousand and 00/100 (\$700,000.00) Dollars. The original letter of credit shall be replaced by a new letter of credit (the "LOC") that

is amended to provide that the LOC shall be reduced by the amounts set forth below. Reductions are to be as follows: \$200,000 upon the Village issuing its final certificate of occupancy for the entire building; \$150,000 reduced on July 1, 2008, \$150,000 reduced on July 1, 2009, and \$200,000 reduced on July 1, 2010. During the four year term of the LOC, the Village may draw upon said LOC for the amount of the expected real estate taxes that are not realized as a result of Owner and/or Brockway Chop House ceasing operation of the Restaurant business during any part of the four year period contemplated by this provision. The LOC shall be extended annually throughout until the expiration of the four (4) year term.

8.3 Timing of Owner's Obligations. Owner covenants and agrees to make good faith reasonable efforts to continue to operate and keep open the Restaurant until at least July 1, 2010.

8.4 Sale or Lease of Proposed Building. The Owner shall maintain ownership of the Property and, in the event Owner decides to lease or sell the basement and first floor of the proposed building to a restaurant operator or manager, Owner shall receive prior written approval of the Village Council before executing any formal documents of any kind. Said approval requirement shall cease on July 1, 2010.

8.6 Progress Meetings. Owner shall meet with the Village Council and Village staff and make presentations to the Village Council and Village staff as reasonably requested by the Village Manager in order to keep the Village apprised of all matters affecting or impacting the Property and the Restaurant.

ARTICLE NINE

ADDITIONAL COVENANTS OF OWNER

207 **9.1 Owner Existence.** Owner will do or cause to be done all things necessary to
208 preserve and keep in full force and effect its existence and standing as an Illinois
209 Limited Liability Company authorized to do business in Illinois, so long as Owner
210 maintains an interest in the Property or has any other remaining obligation pursuant
211 to the terms of this Agreement.

212 **9.2 Continued Maintenance of Project.** Owner shall diligently pursue
213 continued maintenance of the Project on the Property with due diligence, in good faith
214 and without delay, subject to Uncontrollable Circumstances and the other provisions
215 of this Agreement.

216 **9.3 Indemnification.** Owner (use of the term "Owner" herein includes permitted
217 successors and assigns), agrees to indemnify, defend and hold the Village, Mayor,
218 Village Council Members, Village Manager, officers, agents and employees
219 (hereinafter "Indemnified Parties") harmless from and against any losses, costs,
220 damages, liabilities, claims suits, actions, causes of action and expenses (including,
221 without limitation, reasonable attorneys' fees and court costs) suffered or incurred by
222 the Indemnified Parties which are caused as a result of:

223 a.the failure of Owner to comply with any of the terms, covenants or
224 conditions of this Agreement which Owner is obligated to comply with; or

225 b.the failure of Owner or Owner's Managers to pay vendors and suppliers in
226 connection with the Project; or

227 c.material misrepresentations or omissions of Owner relating to the Project,
228 financials or this Agreement which are the result of information supplied or omitted

by Owner, Owner's Managers or by its agents, employees, contractors or persons acting under the control or at the request of Owner or Owner's Managers; or

d. the failure of Owner to cure any material misrepresentations or omissions of Owner 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 remodeling or operation of the Restaurant by Owner; or

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

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

The provisions of this Section 9.3 shall not apply to a loss which arises out of (in whole or in part) intentional misconduct providing this information on the part of any Indemnified Party, but only to the extent that such Indemnified Parties' misconduct or negligence or misinformation contributed to the loss, or that the loss is attributable to such Indemnified Parties' misconduct or negligence or misinformation.

9.4 Insurance. Prior to execution of this First Amendment, Owner shall deliver to the Village, at Owner's cost and expense, insurance required to be carried by Owner pursuant to Article Fourteen of the First Amended RDA.

9.5 Further Assistance and Corrective Instruments. The Village and Owner 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.

9.6 No Gifts. Owner and 100 N Brockway LLC covenant that no officer, member, manager, stockholder, employee or agent of Owner, or any other person connected with Owner or Managers, 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.

9.7 Conveyance. In recognition of the nature of the Project as defined under the First Amended RDA and the Village's projections of the need for incremental tax revenues to finance Redevelopment Project Costs, in accordance with the Act, during the life of the TIF consistent with its covenants in Sections 9.18 and 10.7 of the First Amended RDA, Owner 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, and will impose in the deed conveying all or any portion of the Property, a prohibition against granting such conveyance consistent with the covenants in Sections 9.18 and 10.7 of the First Amended RDA.

9.8 Disclosure. Prior to Village execution of this Agreement, Owner shall disclose to the Village the names, addresses and ownership interests of all Persons that comprise Owner, 100 N Brockway LLC, and all Persons that comprise the Managers' management company, including all members of the limited liability companies.

Subsequent to execution of this Agreement, no change shall be made in the persons comprising Owner or in their ownership interests without the consent of the Village.

9.9 Open Book Project. The terms of the First Amended RDA relating to "open book" provisions shall be in full force in effect pursuant to this First Amendment.

9.10 Assignment of Agreement Without the express written consent of the Village Council, (which may be withheld in the Village Council's reasonable discretion) the management of the Restaurant may not be assigned or transferred nor may any rights hereunder be transferred by Owner. Any proposed assignee or transferee of the Restaurant management under this Agreement shall have the qualifications, financial ability, reputation and character necessary, adequate and desirable, in Village's sole discretion, to operate the Restaurant in a manner originally contemplated by the Agreement dated October 20, 2003. A proposed assignee or transferee shall execute an assumption and assignment agreement agreeing to adhere to the terms and conditions of this Agreement and the First Amended RDA, as they apply to said assignee or transferee, and shall submit such information, including financial information, as may be requested by the Village Council. Before any permissible assignment or transfer shall be of any force and effect, Owner shall give notice of such proposed assignment or transfer to the Village, provide the Village with all request and required information, and the Village Council shall have thirty (30) days after receipt of all informaton requested, to accept or reject such assignee or transferee at its reasonable discretion. In the event the Village rejects such assignee or transferee, the Village shall state the reasons therefor. If the Village does not respond to the notice of such intended assignment or transfer within such thirty-day (30)

period, such assignment shall be deemed denied. This provision shall terminate on July 1, 2010.

9.11 No Transfer without Village's Consent. Prior to issuance of a certificate of completion, no portion of the Project, including the Restaurant, shall be transferred or conveyed without the Village Council's prior written approval. Before being requested to consent to a transfer of all or any portion of the Property by Owner and 100 N Brockway LLC, the following must be satisfied regarding such transfer:

a. Any proposed transferee shall, in the Village's sole discretion, have the experience and financial ability necessary to fulfill the obligations undertaken by Owner or 100 N Brockway LLC in this Agreement with respect to the Project and all rights, duties and responsibilities being transferred. The proposed separate developer shall submit to the Village, for its review and approval, the financial documents required by the Village.

b. Any such proposed transferee shall have expressly assumed the obligation of Owner and/or 100 N Brockway LLC hereunder in writing with respect to the Project and all rights, duties and responsibilities to be transferred as hereinafter provided.

c. All instruments and legal documents involved and affecting any such transfer from Owner and/or 100 N Brockway LLC to any transferee shall be submitted to the Village Council for its approval, and no transfer shall be effective until the Village Council has authorized the Village Manager to execute the same. Except in the event of a written agreement authorized by the Village Council, no transfer shall be deemed to relieve Owner and/or 100 N Brockway LLC or any other party bound in any way by this Agreement or otherwise with respect to the continued maintenance

and operation of the Project (or portion thereof) from any of their obligations with respect thereto as to the interest transferred. Owner and/or 100 N Brockway LLC shall in any event notify the Village of any transfer of any interest in the Project other than transfers to an Affiliate of Owner or Affiliate of 100 N Brockway LLC as used herein, an "Affiliate of Owner" or "Affiliate of 100 N Brockway LLC" shall mean an entity which controls, is controlled by, or is under common control with Owner or 100 N Brockway LLC and which has the same manager, members, partners or shareholders owning in the aggregate, more than fifty percent (50%) of the ownership interests in Owner or 100 N Brockway LLC owning more than fifty percent (50%) of the ownership interests in said Affiliate; and as used herein, "control" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities or rights, by contract, or otherwise ("Permitted Transfer"). Owner or 100 N Brockway LLC shall not be required to obtain Village review, approval or consent to any Permitted Transfer. The Village shall have no duty to return any letter of credit or other security posted in connection with the portion of the Project so transferred until substitute security acceptable to Village in its sole discretion is received.

d. Upon the conveyance of any portion of the Property, including the Restaurant to a separate owner or separate restaurant operator (as consented to by the Village Council, and as evidenced by execution by the separate owner or restaurant operator of an assumption and assignment agreement in a form acceptable to the Village), such separate owner or restaurant operator shall be responsible for the

342 maintenance and operation of such portion of the Project and Owner shall be relieved
343 from all further liability under this Agreement with respect to such portion of the
344 Project and the Property so transferred. Each separate owner shall be bound by all
345 terms, conditions, and obligation of this Agreement applicable to such separate
346 owner's portion of the Project and Property and, except as set forth below in this
347 Section, any reference to Owner in this Agreement shall be deemed to be (or include) a
348 reference to a separate owner to the extent such reference is to (or includes) the portion
349 of the Project or the Property owned by such separate owner.

353 ARTICLE TEN

354 REPRESENTATIONS AND WARRANTIES OF OWNER

355 Owner and 100 N Brockway LLC represent, warrant and agree as the basis for
356 the undertakings on its part herein contained that as of the date hereof and until
357 completion of the Project:

358 10.1 Organization and Authorization. Owner and 100 N Brockway LLC are
359 Illinois Limited Liability Companies authorized to do business in Illinois and existing
360 under the laws of the State of Illinois, and are authorized to and have the power to
361 enter into, and by proper action have been duly authorized to execute, deliver and
362 perform, this Agreement. Owner and 100 N Brockway LLC are solvent, able to pay
363 their debts as they mature and financially able to perform all the terms of this
364 Agreement. To Owner's and 100 N Brockway LLC's knowledge, there are no actions

at law or similar proceedings which are pending or threatened against Owner or 100 N Brockway LLC which would materially and adversely affect the ability of Owner or 100 N Brockway LLC to proceed with the maintenance and operation of the Project.

10.2 Non-Conflict or Breach. Neither the execution and delivery of this Agreement by Owner or 100 N Brockway LLC, the consummation of the transactions contemplated hereby by Owner, 100 N Brockway LLC, Billy Arnott and/or Scott Smith, nor the fulfillment of or compliance with the terms and conditions of this Agreement by Owner, 100 N Brockway LLC, Billy Arnott and/or Scott Smith conflicts with or results in a breach of any of the terms, conditions or provisions of any offerings or disclosure statement made or to be made on behalf of Owner, 100 N Brockway LLC, Billy Arnott and/or Scott Smith (with Owner's prior written approval), any organizational documents, any restriction, agreement or instrument to which Owner, 100 N Brockway LLC, Billy Arnott and/or Scott Smith, or any of its partners or venturers is now a party or by which Owner, 100 N Brockway LLC, Billy Arnott and/or Scott Smith, 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 Owner, 100 N Brockway LLC, Billy Arnott and/or Scott Smith, any related party or any of its venturers under the terms of any instrument or agreement to which Owner, 100 N Brockway LLC, Billy Arnott and/or Scott Smith, any related party or any of its partners or venturers is now a party or by which Owner, 100 N Brockway LLC, Billy Arnott and/or Scott Smith, any related party or any of its venturers is bound.

10.4 **Financial Resources.** Owner, 100 N Brockway LLC, and any Affiliate to which portions of this Agreement are assigned has sufficient financial and economic resources to implement and complete Owner's and 100 N Brockway LLC's obligations contained in this Agreement.

ARTICLE ELEVEN

EVENTS OF DEFAULT AND REMEDIES.

11.1 **Owner and 100 N Brockway LLC Events of Default.** The following shall be Events of Default with respect to this Agreement:

a. If any representation made by Owner or 100 N Brockway LLC 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;

b. Default by Owner or 100 N Brockway LLC in the performance or breach of any covenant contained in this Agreement concerning the existence, structure or financial condition of Owner or 100 N Brockway LLC;

c. Default by Owner or 100 N Brockway LLC in the performance or breach of any covenant, warranty or obligation contained in this Agreement;

d. The entry of a decree or order for relief by a court having jurisdiction in the premises in respect of Owner or 100 N Brockway LLC 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 Owner or

100 N Brockway LLC for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of forty-five (45) consecutive days.

e. The commencement by Owner or 100 N Brockway LLC of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by Owner or 100 N Brockway LLC to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of Owner or 100 N Brockway LLC 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 Owner or 100 N Brockway LLC generally to pay such entity's debts as such debts become due or the taking of action by Owner or 100 N Brockway LLC in furtherance of any of the foregoing, or a petition is filed in bankruptcy by others.

f. Failure to have funds to meet Owner's or 100 N Brockway LLC's obligations.

g. Failure to renew or extend the LOC referenced in Section 8.2 thirty (30) or more days prior to its expiry (in which event the Village may draw the full amount of the LOC).

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

i. Change in the Owner, 100 N Brockway LLC, or Manager (other than to Permitted Transferee of Owner or 100 N Brockway LLC).

a. Owner or 100 N Brockway LLC abandons the Project on the Property, or closes the Restaurant. Abandonment shall be deemed to have occurred when work stops on the Property or the Restaurant closes for more than thirty (30) days for any reason.

k. Failure to operate the Restaurant on the Property for a period of five-(5) continuous years from February 10, 2005 or the cessation or closure of the Restaurant on the Property for more than a thirty-(30) day within said five-(5) year period.

l. Owner fails to comply with applicable governmental codes and regulations in relation to the construction and maintenance of the buildings contemplated by this Agreement, or Managers fail to comply with the applicable health regulations of the state and Village related to the operation of a Restaurant.

m. A representation or warranty of Owner or 100 N Brockway LLC is not true.

11.2 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 Owner or 100 N. Brockway LLC pursuant to or in connection with any of said documents, shall prove to be untrue or incorrect in any material respect as of the date made; provided, however, that such default shall constitute an Event of Default only if the Village does not remedy the default, within fifteen (15) days after written notice from Owner.

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

Owner or 100 N. Brockway LLC, initiate and diligently pursue appropriate measures to remedy the default.

c. default by the Village in the performance or breach of any material covenant, warranty or obligation contained in this Agreement; provided, however, that such default shall not constitute an Event of Default if the Village, commences cure within fifteen (15) days after written notice from Owner and 100 N. Brockway LLC and in any event cures such default within sixty (60) days after such notice, subject to Uncontrollable Circumstances.

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

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

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

b. In case the Village shall have proceeded to enforce its rights under this Agreement and such proceedings shall have been discontinued or abandoned for any reason, then, and in every such case, Owner, 100 N Brockway LLC and the Village

shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of Owner, 100 N Brockway LLC and the Village shall continue as though no such proceedings had been taken.

c. In the case of an Event of Default by Owner or 100 N Brockway LLC, in addition to any other remedies at law or in equity, the Village shall be relieved of its obligations under this Agreement.

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

11.5 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.

11.6 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 TWELVE

MISCELLANEOUS PROVISIONS.

12.1 Cancellation. In the event Owner, 100 N Brockway LLC 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 Owner's, or 100 N Brockway LLC's duty to operate the Restaurant, by the order of any court of competent jurisdiction, or in the event that all or any part of the Act or any ordinance adopted by the Village in connection with the Project, shall be declared invalid or unconstitutional, in whole or in part, by a final decision of a court of competent jurisdiction and such declaration shall materially affect the Redevelopment Plan or the covenants and agreements or rights and privileges of Owner 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 18.1, to the extent it is then appropriate, the Village, at its option, may also terminate its duties, obligation and liability under all or any related documents and agreements. In the event of any termination/cancellation, the letter of credit shall be released to the Owner.

12.2 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) electronic communications, whether by telex, telegram or telecopy, (c) overnight courier, or (d) registered or certified first class mail, postage prepaid, return receipt requested.

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

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

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

If to Owner: Emmett's of Palatine, LLC
Attn: Jerry Vargo

If to 100 N Brockway LLC
100 N Brockway LLC
Attn: Jerry Vargo

With a copy to: Richards, Ralph & Schwab Chartered
175 E. Hawthorn Parkway
Suite 345
Vernon Hills, IL 60061
Attn: Alan Richards

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

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

12.4 Integration. Except as otherwise expressly provided herein, and except as provided in the First Amended RDA, this Agreement supersedes all prior agreements, negotiations and discussions relative to the subject matter hereof and is a full integration of the agreement of the Parties.

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

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

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

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

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

12.9 Entire Contract and Amendments. Except for the First Amended RDA, this Agreement (together with the exhibits attached hereto) is the entire contract between the Village and Owner relating to the subject matter hereof, supersedes all prior and contemporaneous negotiations, understandings and agreements, written or oral, between the Village and Owner, and may not be modified or amended except by a written instrument executed by the Parties hereto.

12.10 Third Parties. Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any other persons (including Billy Arnott and Scott Smith, the Managers of the Restaurant and micro-brewery) other than the Village, 100 N Brockway LLC, and Owner, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to either the Village, 100 N Brockway LLC, or Owner, nor shall any provision give any third parties any rights of subrogation or action over or against either the Village, 100 N Brockway LLC or Owner. This Agreement is not intended to and does not create any third party beneficiary rights whatsoever.

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

right or remedy hereunder, or shall be deemed to constitute a waiver of other rights and remedies provided pursuant to this Agreement.

12.12 Cooperation and Further Assurances. The Village, 100 N Brockway LLC and Owner each covenants and agrees that each will do, execute, acknowledge and deliver or cause to be done, executed and delivered, such agreements, instruments and documents supplemental hereto and such further acts, instruments, pledges and transfers as may be reasonably required for the better clarifying, assuring, mortgaging, conveying, transferring, pledging, assigning and confirming unto the Village, 100 N Brockway LLC or Owner or other appropriate persons all and singular the rights, property and revenues covenanted, agreed, conveyed, assigned, transferred and pledged under or in respect of this Agreement.

12.13 Successors in Interest. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective authorized successors and assigns; neither Owner nor 100 N Brockway LLC may assign its rights under this Agreement without the express written approval of the Village. Notwithstanding anything herein to the contrary, the Village may not delegate its obligation hereunder or except as provided herein, transfer any interest in the Village Property without the express written approval of Owner or 100 N Brockway LLC.

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

629 **12.15 No Personal Liability of Officials of Village or Owner.** No covenant or
630 agreement contained in this Agreement shall be deemed to be the covenant or
631 agreement of the Mayor, Village Council member, Village Manager, any official,
632 officer, partner, member, director, agent, employee or attorney of the Village or
633 Owner, in his or her individual capacity, and no official, officer, partner, member,
634 director, agent, employee or attorney of the Village or Owner shall be liable personally
635 under this Agreement or be subject to any personal liability or accountability by
636 reason of or in connection with or arising out of the execution, delivery and
637 performance of this Agreement, or any failure in that connection.

638 **12.16 Repealer.** To the extent that any ordinance, resolution, rule, order or
639 provision of the Village's code of ordinances, or any part thereof, is in conflict with the
640 provisions of this Agreement, the provisions of this Agreement shall be controlling, to
641 the extent lawful.

642 **12.17 Term.** This Agreement shall remain in full force and effect for twenty-three
643 (23) years from the date the Redevelopment Project Area was created, unless the
644 Redevelopment Plan with respect to the Project is extended or until termination of the
645 Redevelopment Project Area or until otherwise terminated pursuant to the terms of
646 this Agreement.

647 **12.18 Estoppel Certificates.** Each of the parties hereto agrees to provide the other,
648 upon not less than ten (10) business days prior request, a certificate ("Estoppel
649 Certificate") certifying that this Agreement is in full force and effect (unless such is not
650 the case, in which such parties shall specify the basis for such claim), that the
651 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.

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

12.20 Conflicts. Wherever the terms and conditions of this First Amendment conflict with the terms and conditions of the First Amended RDA between the Parties, the terms and conditions of this First Amendment shall control and govern. All other terms and conditions of the First Amended RDA between the Parties are reinstated herein in its entirety.

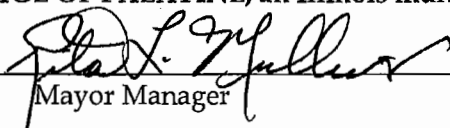
ARTICLE THIRTEEN

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. Owner shall execute this Agreement prior to execution by the Village.

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 Manager

ATTEST:

By: 
Its: Village Clerk

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OWNER:

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100 N BROCKWAY, LLC

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By: *Gerald Vargo*

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Name: GERALD VARGO

683

Its: MANAGING MEMBER

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686

Gerald E. Vargo

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STATE OF ILLINOIS)

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COUNTY OF LAKE) SS

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I, DOROTHY CASEY, a Notary Public in and for said County,
in the State aforesaid, DO HEREBY CERTIFY, that Gerald Vargo of _____,
who is personally known to me to be the same person whose name is subscribed to the
foregoing instrument, appeared before me this day in person and acknowledged that
he signed and delivered the said instrument as his own free and voluntary act and as
the free and voluntary act, for the uses and purposes therein set forth.

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GIVEN under my hand and Notarial Seal this 21 day of July,
2003.

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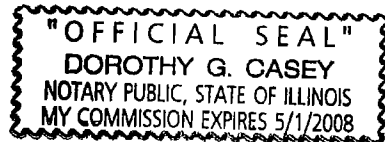
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711

My commission expires

5/1/08

Notary Public



Robert Hummel

Robert J Hummel

I, Dorothy CASEY, a Notary Public in and for said County,
in the State aforesaid, DO HEREBY CERTIFY, that Robert Hummel of _____
who is personally known to me to be the same person whose name is subscribed to the
foregoing instrument, appeared before me this day in person and acknowledged that
he signed and delivered the said instrument as his own free and voluntary act and as
the free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 21 day of July,
2006

See below

Notary Public

My commission expires _____.

Alan Richards

Alan Richards

I, Dorothy CASEY, a Notary Public in and for said County,
in the State aforesaid, DO HEREBY CERTIFY, that Alan Richards of _____, who is
personally known to me to be the same person whose name is subscribed to the
foregoing instrument, appeared before me this day in person and acknowledged that
he signed and delivered the said instrument as his own free and voluntary act and as
the free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 21 day of July,
2006.

Dorothy G. Casey

Notary Public

My commission expires _____

5/1/08



STATE OF ILLINOIS)

COUNTY OF LAKE) SS)

I, Dorothy Casey, a Notary Public in and for said County,
in the State aforesaid, DO HEREBY CERTIFY, that Gerald VARGO,
of 100 N. Brockway, LLC., an Illinois Limited Liability Company (the "100
N Brockway"), who is personally known to me to be the same person whose name is
subscribed to the foregoing instrument, appeared before me this day in person and
acknowledged that he signed and delivered the said instrument as his own free and
voluntary act and as the free and voluntary act of said 100 N Brockway, for the uses
and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 21 day of July,
2006.

Dorothy G. Casey

Notary Public

My commission expires 5/1/08





0623049038

Doc#: 0623049038 Fee: \$136.00
Eugene "Gene" Moore RHSP Fee: \$10.00
Cook County Recorder of Deeds
Date: 08/18/2006 11:00 AM Pg: 1 of 57

ORDINANCE NO. 0-138-06

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE A REDEVELOPMENT
AGREEMENT BETWEEN THE VILLAGE OF PALATINE AND R. FRANCAZAK &
ASSOCIATES, INC. FOR PROPERTY IN DOWNTOWN PALATINE
48, 56 & 64 S. GREELEY STREET, 149 W. JOHNSON STREET,
AND 37-61 (ODD #'S) S. SMITH STREET
(SMITH STREET CONDOMINIUM AND BROWNSTONE DEVELOPMENT)**

PINS: 02-22-209-001
02-22-209-059
02-22-209-060
02-22-209-009
02-22-209-002
02-22-209-007
02-22-209-008
02-22-209-010

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

**Published in pamphlet form by authority of the
Mayor and Village Council of the Village of Palatine
On August 7, 2006**

ORDINANCE NO. 0-138-06

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE A REDEVELOPMENT AGREEMENT BETWEEN THE VILLAGE OF PALATINE AND R. FRAN CZAK & ASSOCIATES, INC. FOR PROPERTY IN DOWNTOWN PALATINE 48, 56 & 64 S. GREELEY STREET, 149 W. JOHNSON STREET AND 37-61 (ODD #'S) S. SMITH STREET
(SMITH STREET CONDOMINIUM AND BROWNSTONE DEVELOPMENT)**

WHEREAS, the Village of Palatine by Ordinance Nos. 0-224-99, 0-225-99, 0-226-99 and passed by the Mayor and Village Council on December 16, 1999, established a Tax Increment Financing District, adopted a Tax Increment Redevelopment Plan for its downtown and designated a Redevelopment Project Area; and

WHEREAS, on January 24, 2000, the Village Council, at a meeting duly held, did adopt Ordinance No. 0-12-00 correcting certain scrivener's errors in the legal description attached as Exhibit A to Ordinances Nos. 0-224-99, 0-225-99 and 0-226-99 of the Village of Palatine, Cook County, Illinois; and

WHEREAS, the Mayor and Village Council have on August 7, 2006, considered the proposed Redevelopment Agreement with R. Franczak & Associates, Inc. and have determined that entering into this Agreement furthers the purposes of the Tax Increment Financing District and the Redevelopment Plan for Downtown and furthers the public interest; and

WHEREAS, Article 3, paragraph (h) of the Redevelopment Agreement authorizes the Mayor to do all things for and on behalf of the Village of Palatine

08/02/2006 3:19 PM

regarding the execution of this Agreement and any supporting documents to the extent permitted by law.

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

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

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

PASSED: This 7 day of August, 2006

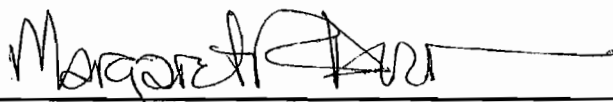
AYES: 4 NAYS: 0 ABSENT: 2 PASS: 0

APPROVED by me this 7 day of August, 2006



Mayor of the Village of Palatine

ATTESTED and FILED in the office of the Village Clerk this 7 day of
August, 2006



Village Clerk

REDEVELOPMENT AGREEMENT

THIS REDEVELOPMENT AGREEMENT (this "Agreement"), is made and entered into as of the 7 day of August, 2006, ("Agreement Date") by and between the **VILLAGE OF PALATINE, ILLINOIS**, an Illinois municipal home rule corporation, located in Cook County, Illinois (the "Village"), and **R. FRANCAZAK & ASSOCIATES, INC.** an Illinois corporation (the "Developer"). (The Village and the Developer are sometimes referred to individually as a "Party" and collectively as the "Parties").

RECITALS

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

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

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

1. Ordinance No. O-224-99, adopted December 13, 1999, titled "Ordinance Approving the Village of Palatine Cook County, Illinois, Downtown Area Project Area Development Plan and Project;
2. Ordinance No. O-225-99 adopted December 13, 1999, titled "Ordinance

Designating the Village of Palatine, Illinois, Downtown Area Tax Increment Redevelopment Project Area" ("Downtown Redevelopment Project Area");

3. Ordinance No. O-226-99, adopted December 13, 1999, titled "Ordinance Adopting Tax Increment Financing for the Village of Palatine Downtown Area Tax Increment Redevelopment Project Area in the Village of Palatine, Cook County, Illinois"; and

4. Ordinance No. O-12-00 adopted January 24, 2000, titled "Ordinance Correcting Certain Scrivenor's Errors in the Legal Description Attached as Exhibit A to Ordinance Nos. O-224-99, O-225-99 and O-226-99, of the Village of Palatine, Cook County, Illinois, Downtown Redevelopment; and

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

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

WHEREAS, the Developer desires to redevelop the Property; and

WHEREAS, the Developer filed an application for a Planned Development to seek approval to construct a multiple family residential development as more fully described in Article 2, which the Village agrees to consider; and

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

Redevelopment Plan; and

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

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

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

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

WHEREAS, this Agreement has been submitted to the Directors of the Developer for consideration and review, the Directors have taken all actions required to be taken prior to the execution of this Agreement in order to make the same binding upon the Developer according to the terms hereof, and any and all action of the Developer'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 and of the Developer according to the tenor and import of the statements in such Recitals.

ARTICLE TWO

DEFINITIONS

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

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

"Agreement" means this Redevelopment Agreement.

"Certificate of Completion" means the document to be provided to Developer by the Village, within thirty (30) days after written request from Developer and after Developer has provided all required waiver of liens and sworn statements necessary to comply with the Illinois Mechanics Lien Act and has complied with all Village codes and with the obligations of

this Agreement with respect to the construction of the Project, which document states that the Developer has completed and satisfied all construction terms, covenants and conditions contained in this Agreement.

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

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

"Day" means a calendar day.

"Developer" means R. Franczak & Associates, Inc., an Illinois corporation, or any successor in interest thereof permitted pursuant to Section 8.11 hereof.

"Downtown Redevelopment Project Area" means the entire downtown TIF district created by the Ordinances adopted by the Village in 1999 and 2000.

"Final Plans" means the planned development plans approved by the Village on ____

2006 for the Project, as listed on Exhibit "B", as well as any Village required amendments thereto.

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

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

"Project" means the development, construction, financing, completion and operation of one residential condominium building, containing approximately 94,424 square feet, with approximately 48 condominium units in total, together with seven row homes containing approximately 20,643 square feet, all in accordance with the Final Plans to be approved by the Village in the Planned Development ordinance.

"Property" means the approximately 71,894 square feet of land commonly known as 37-43 S. Smith Street, 45-51 S. Smith Street, , 53-59 S. Smith Street (all odd #s), 61 S. Smith Street (vacant parcel), 149 West Johnson Street, and 48, 56 and 64 S. Greeley Street, Palatine, Illinois and legally described on Exhibit "A".

"R. Franczak & Associates, Inc." means the Developer under this Agreement.

"Redevelopment Plan" means the "Redevelopment Plan" for the Downtown as defined in the Village Ordinance No. O-224-99.

"State" means the State of Illinois.

"TIF Ordinances" means Ordinances Nos. O-224-99, O-225-99 and O-226-99 all adopted by the Village on December 13, 1999, and Ordinance O-12-00 adopted on January 24, 2000, as described in the Recitals to this Agreement.

"TIF Eligible Expenses" means all qualifying redevelopment project costs that are authorized to be reimbursed by the Act and this Agreement.

"Uncontrollable Circumstance" means any event which:

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

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

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

ARTICLE THREE

CONSTRUCTION

This Agreement, except where the context by clear implication shall otherwise require,

shall be construed and applied as follows:

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

Failure of the investing agent to actually receive such written confirmation shall not render invalid or ineffective any such oral direction or authorization.

- (h) The Village Manager, unless applicable law requires action by the Corporate Authorities, shall have the power and authority to make or grant or do those things, certificates, requests, demands, notices and other actions required that are ministerial in nature or described in this Agreement for and on behalf of the Village and with the effect of binding the Village as limited by and provided for in this Agreement. Developer is entitled to rely on the full power and authority of the persons executing this Agreement on behalf of the Village as having been properly and legally given by the Village.
- (i) In connection with the foregoing and other actions to be taken under this Agreement, and unless applicable documents require action by Developer in a different manner, Developer hereby designates Ray Franczak and Jim Duerr as its authorized representatives who shall individually have the power and authority to make or grant or do all things, supplemental agreements, certificates, requests, demands, approvals, consents, notices and other actions required or described in this Agreement for and on behalf of Developer and with the effect of binding Developer in that connection (either of such individuals being "Authorized Developer Representative"). Developer shall have the right to change its Authorized Developer Representative by providing the Village with written notice of such change which notice shall be sent in accordance with Section 15.1

ARTICLE FOUR

IMPLEMENTATION OF PROJECT

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

ARTICLE FIVE

ACQUISITION OF THE PROPERTY

5.1 **Acquisition of Developer's Parcels by Developer.** The Developer has purchase contracts on all parcels of land that comprise the Property. Developer agrees to provide the Village with proof that Developer holds contract rights to the Property as a condition precedent to Village's execution of this Agreement.

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 **Village Funding.** The Village may use proceeds of a Bond sale to fulfill the Village's cash obligations under this Agreement or shall identify alternative sources of funds. The funds shall be disbursed in accordance with the terms of this Agreement.

6.3 **Demolition of the Property.** The Developer shall undertake the demolition of all

structures existing on the Property. The Village, upon complete submittal of materials and an application for demolition by Developer, shall issue the demolition permit. The Developer shall also obtain a demolition permit from Cook County.

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

6.5 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 Downtown 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 Downtown Redevelopment Project Area and this Agreement. Developer will fully cooperate with the Village in connection with the foregoing, at no out-of-pocket cost to Developer without being entitled to reimbursement from the Village so long as said out-of-pocket costs are TIF Eligible Expenses and are pre-approved in writing by the Village.

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

from Village Zoning and Subdivision ordinances necessary for the construction of the Project.

6.7 Certificate of Completion. Within thirty (30) days after written request from Developer and after Developer has provided all required waiver of liens and sworn statements necessary to comply with the Illinois Mechanics Lien Act and has complied with all Village codes and with the obligations of this Agreement with respect to the construction of the Project, the Village shall deliver a certificate of completion and satisfaction of all construction terms, covenants and conditions contained in this Agreement or, if not complete or satisfied, what deficiencies exist. Upon correction of any deficiencies, the Village shall within ten (10) days thereafter deliver the Certificate of Completion.

6.8 Total TIF Benefit. The Total TIF Eligible Expenses to be reimbursed by the Village to the Developer, for land acquisition and other TIF Eligible Expenses pursuant to this Agreement, shall not exceed Two Million (\$2,000,000) Dollars). The Village shall reimburse the Developer for land acquisition and TIF Eligible development costs as follows:

Activity to be completed	Condominium Building	Townhome Building
Village Certification of Completion of Foundation	\$350,000	\$250,000
Village Certification building is completely enclosed (under roof with all windows and exterior doors installed)	\$350,000	\$250,000
Village issues first certificate of occupancy	\$250,000	\$150,000
Village issues last certificate of occupancy	\$250,000	\$150,000

ARTICLE SEVEN

DEVELOPER'S COVENANTS AND AGREEMENTS

7.1 Developer's Redevelopment Obligations. Developer shall have the obligations set forth in this Article Seven for the development, construction, financing, completion and

furtherance of the Project.

7.2 Permit Application Deadlines. Within one hundred twenty (120) days after adoption of the PD ordinance approving the Project, Developer shall have applied for (and made all submittals requirements in conformance with Village codes) building permits for all the buildings to be constructed on the Property and Developer shall have applied for (and made all submittal requirements in conformance with Village codes) building permits, curb-cut permits and other necessary land use and construction approvals as shall be necessary or appropriate to construct the entire Project in accordance with the Final Plans. Developer shall proceed with the application for permits and construction of the Project on the Property in accordance with the schedule set forth in Exhibit "C" hereto. This Agreement is subject to the Village adoption of a Planned Development ordinance approving the Project.

7.3 Construction Financing Commitment. Prior to issuance of any permit by the Village, the Developer shall demonstrate to the Village's satisfaction that Developer has sufficient funds to pay the cost of the entire Project and any other obligations of Developer hereunder relating to the Property. Developer shall obtain a binding commitment, in form and content that is typical in the industry, for construction financing for the Project ("Construction Loan") to be constructed, and prior to issuance of any permit by the Village, Developer shall provide a copy to the Village.

7.4 Project Development Budget. Developer shall submit to the Village the project development budget approved by the construction lender when available but not later than seven (7) days prior to issuance of any permits. The Developer agrees that the Village will be provided a reasonable opportunity to meet with the construction lender if requested by the Village.

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

Prior to Village issuance of any permit, Developer shall provide to Village evidence that: (i) all zoning ordinances and resolutions have been obtained; (ii) the Lender has approved the budget for the Project; and (iii) the Developer has a completely executed financing commitment. As a condition to the Village issuing any permit for the Project, Developer shall deliver to the Village an unconditional irrevocable letter of credit in the amount of Five Hundred Thousand (\$500,000) Dollars in form and substance acceptable to the Village (the "LOC") which LOC may be drawn on by the Village upon the occurrence of a Penalty Event as defined in Exhibit "C". The LOC shall be released at the time that the Village certifies the following:

EVENT	CONDOMINIUM BUILDING	TOWNHOME BUILDING
Upon completion of foundation	\$150,000	\$50,000
Upon building being completely enclosed (under roof with all windows and exterior doors installed)	\$150,000	\$25,000
Last Certificate of Occupancy Issued for both buildings		\$ 25,000
Expiration of 1-year maintenance period as required by Village Code		\$100,000

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

7.7 **Compliance with Applicable Laws.** Developer warrants that it shall at all times acquire, install, construct, operate and maintain the Project in conformance with all applicable laws, rules, ordinances, regulations, and this Agreement. All work with respect to the Project shall conform to all applicable federal, state and local laws, regulations and ordinances, including, but not limited to: zoning, subdivision, planned development codes, building codes, environmental codes, life safety codes, property maintenance codes and any other applicable codes and ordinances of the Village as more specifically set forth in Article Nine. Village shall

not enact any law, ordinance, rule or regulation (or amendment thereto) which would have the effect of increasing Developer's obligations hereunder, including an increase in the cost of the Project, unless said law, ordinance, rule or regulation is one of general applicability to similar property or projects in the Village.

7.8 No Default. The Developer shall not be in default under this Agreement or be in default under any agreement with any other party in connection with the development of the Property, which default has not been cured after the giving of proper notice thereunder and all rights to cure have lapsed. Failure to comply with this term renders the Developer in default of this Agreement, subject to Developer's right to cure under this Agreement.

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

7.10 Authorized Representative. Subject to the provisions thereof, Developer has designated in **Article Three**, two representatives who individually shall each have the full power and authority to meet with Village staff for purposes of coordinating and implementing obligations of the Parties under this Agreement.

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

7.12 Tax Exempt Status. Consistent with its covenant in **Section 8.7**, Developer and successor owners shall not assert a tax-exempt status during their respective period of

ownership. This prohibition shall run with the land and shall expire on the date the Downtown Redevelopment Project Area expires or an earlier date if agreed by the Village and Developer.

7.13 Real Estate Tax Challenges. Developer and subsequent owners agree not to challenge, contest or seek reduction in the tax assessment during the life of the TIF.

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

7.15 MWRD Fees. Developer shall be responsible for paying any MWRD service fees in connection with its development.

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

Notwithstanding the foregoing, no "Art Amenity Fee" shall be assessed against or paid by Developer in connection with this Project as a result of the park dedication made by Developer on nearby property.

Developer's failure to pay the fees and expenses described in this **Section 7.16**, or elsewhere in this Agreement, shall constitute an Event of Default hereunder. Without waiving its rights against Developer, the Village may be reimbursed for said fees and expenses to the extent they are eligible costs out of the Special Tax Allocation Fund.

7.17 Loan Agreement. Prior to issuance of the Certificate of Completion by the Village, Developer shall not use the Property as collateral for anything other than the cost of constructing the Project. Developer's Loan Agreement shall expressly provide that the amount of said Loan may not be increased without the consent of the Village, if Developer increases the

amount of its loan in an amount that exceeds the appraised value of the Property less the Total TIF Benefit paid.

7.18 Use of Plans. In the event the Developer fails for any reason to complete the Project, Developer shall assign to the Village, or as the Village shall direct, all of its right, title and interest in the Concept, Preliminary and Final Plans for engineering, landscaping, architecture and all other plans for the Property. Prior to issuance of any permit by the Village, Developer shall deliver to the Village letters from the architect, engineer and all other consultants that have provided development services to the Developer that prepared the Concept, Preliminary and Final Plans permitting the Village or its assignee to use them, in accordance with this Section 7.18, without further charge. The Developer shall be responsible to make all payments due to the architect, engineer and other consultants in order for the Village to use said plans.

ARTICLE EIGHT

ADDITIONAL COVENANTS OF DEVELOPER

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

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

8.3 Indemnification. Developer (use of the term "Developer" herein includes permitted successors and assigns), agrees to indemnify, defend and hold the Village, Mayor, Village

Council Members, Village Manager, officers, agents and employees (hereinafter "Indemnified Parties") harmless from and against any losses, costs, damages, liabilities, claims suits, actions, causes of action and expenses (including, without limitation, reasonable attorneys' fees and court costs) suffered or incurred by the Indemnified Parties which are caused as a result of:

- a. The failure of Developer to comply with any of the terms, covenants or conditions of this Agreement which Developer is obligated to comply with; or
- b. The failure of Developer or any of Developer's contractors to pay contractors, subcontractors or materialmen in connection with the Project; or
- c. Material misrepresentations or omissions of Developer relating to the Project, financials or this Agreement which are the result of information supplied or omitted by Developer or by its agents, employees, contractors or persons acting under the control or at the request of Developer; or
- d. The failure of Developer to cure any material misrepresentations or omissions of Developer in this Agreement relating to the Project within the applicable cure provisions of this Agreement; or
- e. Any claim or cause of action for injury or damage brought by a third party arising out of the construction or operation of the Project by Developer; or
- f. Any violation by Developer of local ordinance, state or federal laws, in connection with the offer and sale of interests in the Developer or any part of the Project.
- g. The occurrence of an Event of Default by Developer.

The provisions of this Section 8.3 shall not apply to a loss which arises out of (in whole or in part) intentional misconduct on the part of any Indemnified Party providing this information, but only to the extent that such Indemnified Parties' misconduct or negligence or misstatement of fact contributed to the loss, or that the loss is attributable to such Indemnified

Parties' misconduct or negligence or misstatement of fact.

8.4 Insurance. Prior to issuance of any permit, Developer (or Developer's contractor) shall deliver to the Village, at Developer's cost and expense, insurance required to be carried by Developer pursuant to **Article Twelve**. The Village shall be named as an additional insured party on Developer's insurance policies.

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

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

8.7 Conveyance. In recognition of the nature of the Project and the Village's projections of the need for incremental tax revenues to finance TIF Eligible Expenses, in accordance with the Act, during the life of the TIF, Developer 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, and shall impose in the deed conveying all or any portion of the Property, a prohibition against granting such conveyance consistent with the covenants in **Sections 8.10**.

8.8 Disclosure. Prior to the Village execution of this Agreement, Developer shall disclose to the Village the names, addresses and ownership interests of all Persons that comprise

Developer, including all shareholders of the corporation. No change shall be made in the persons comprising Developer or in their ownership interests (excluding transfers due to death) without the consent of the Village. All changes made in the persons comprising the Developer or to their ownership interests shall be disclosed to the Village during the term of this Agreement.

8.9 Open Book Project. Developer's Project shall be an "open book" project meaning that Developer and the general contractor (or contractors, if more than one) will assure continuing access to the Village's agents for the purpose of reviewing and auditing their respective books and records relating to any item necessary to determine the costs of the Project. The foregoing Village review rights shall terminate one (1) year after the issuance of the final certificate of occupancy with respect to costs for the Project, unless the Developer has failed to make available any such books and/or records requested in writing by the Village. Developer shall provide to the Village copies of any partnership, limited liability operating agreements or joint venture agreements pertaining to the Property to which the Developer is a party; provided that the Developer may, (if Developer has previously provided the Village not less than thirty (30) days to review such confidential financial materials), remove from the copies of such agreements any confidential financial information previously disclosed to the Village and not since changed in form or substance and the Village shall keep such agreements confidential, to the maximum extent permitted by law. Failure to provide the documents or allow review of the books within fifteen (15) days after request by the Village shall be an Event of Default. Developer shall exercise prudence and good faith in attempting to contract with persons or entities who are reputable and experienced in their respective areas for the provision of services or material for the design and construction of the Project at costs not in excess of market rates. The Village agrees that the Developer may designate within its discretion the general contractor

(or general contractors) for the Project. The general contractor (or general contractors) designated by Developer shall be experienced and reputable.

8.10 Assignment of Agreement. This Agreement is not assignable except for Permitted Transfers (as hereinafter defined), until a Certificate of Completion for the entire Project including Off-Site Improvements is issued by the Village. Notwithstanding anything in this **Section 8.10**, no part of this **Section 8.10** shall require the Village's consent to the collateral assignment hereof to Developer's construction lender or permanent lender, if required thereby, or to a Permitted Transferee. Prior to completion of the Project, Developer shall give notice of any transfer to a Permitted Transferee to the Village together with the ownership interests of the Permitted Transferee.

8.11 No Transfer without Village's Consent. Prior to issuance of a Certificate of Completion for the entire Project including Off-Site Improvements, no portion of the Developer's Project shall be transferred or conveyed (other than to Permitted Transferees). Developer shall notify the Village of any transfer of any interest in the Project other than: (i) transfers of interests in connection with the sale of individual condominium units and/or townhome units and such units' interest in the common elements of the condominium and/or the townhome property owners' association to the future resident of such unit, (individual condominium unit and/or townhome unit owners shall not be considered to be an assignment but merely a successor in title under this Agreement), and (ii) transfers of any property to the condominium associations(s) and homeowners association(s) to be established. Developer shall notify the Village of any transfers to an Affiliate of Developer; as used herein, an "Affiliate of Developer" shall mean an entity which controls, is controlled by, or is under common control with Developer and which has the same manager, members, partners or shareholders owning in the aggregate, more than fifty percent (50%) of the ownership interests in Developer owning more

than fifty percent (50%) of the ownership interests in said Affiliate; and as used herein "control" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities or rights, by contract, or otherwise. The foregoing transfers in clauses i and ii shall herein be referred to as the "Permitted Transfers". Developer shall not be required to obtain Village review, approval or consent to any Permitted Transfer. The Village shall have no duty to return any letter of credit or other security posted in connection with the portion of the Project so transferred until substitute security acceptable to Village is received.

ARTICLE NINE

ADHERENCE TO VILLAGE CODES AND ORDINANCES

All development and construction of the Project shall comply in all respects with the provisions in this Agreement, the Building, Plumbing, Mechanical, Electrical, Storm Water Management, Fire Prevention, Property Maintenance, Zoning and Subdivision Codes of the Village and all other germane codes and ordinances of the Village in effect on the date that the full building permit for the respective building is issued, unless otherwise mandated by State law. Developer has examined and is familiar with and agrees that its development of the Project shall be performed in accordance with all the covenants, conditions, restrictions, building regulations, zoning ordinances, property maintenance regulations, environmental regulations and land use regulations, codes, ordinances, federal, state and local ordinances affecting the Project.

ARTICLE TEN

REPRESENTATIONS AND WARRANTIES OF DEVELOPER

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

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

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

10.3 Location of Project. The Project will be located entirely within the Property, except for any public improvements.

10.4 Financial Resources. Developer and any Affiliate to which portions of this Agreement

are assigned has sufficient financial and economic resources to implement and complete Developer's obligations contained in this Agreement.

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

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

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

ARTICLE TWELVE

LIABILITY AND RISK INSURANCE.

12.1 Liability Insurance Prior to Completion. Prior to the issuance of any Building Permits, Developer (or Developer's contractor) shall procure and deliver to the Village, at Developer's (or such contractor's) cost and expense, and shall maintain in full force and effect until each and every obligation of Developer contained herein has been fully paid, or performed, a policy or policies of comprehensive liability insurance and, during any period of construction, contractor's liability insurance and worker's compensation insurance, with liability coverage under the comprehensive liability insurance to be not less than Two Million (\$2,000,000.00) Dollars each occurrence and Five Million (\$5,000,000.00) Dollars in the aggregate. All such policies shall be in such form and issued by such companies as shall be acceptable to the Village to protect the Village and Developer against any liability incidental to the use of or resulting from any claim for injury or damage occurring in or about the Project on the Property, or the construction and improvement thereof by Developer. Each such policy shall name the Village as an additional insured and shall contain an affirmative statement by the issuer that it will give written notice to the Village at least thirty (30) days prior to any cancellation or amendment of its policy. Developer may satisfy its insurance obligations in this **Article Twelve** by way of a blanket policy or policies which includes other liabilities, properties and locations having a

general policy aggregate of at least Ten Million (\$10,000,000.00) Dollars. Developer shall provide to the Village a replacement certificate not less than 30 days prior to expiration of any policy.

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

ARTICLE THIRTEEN

EVENTS OF DEFAULT AND REMEDIES.

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

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

b. Default by Developer for a period of fifteen (15) days after written notice thereof in the performance or breach of any covenant contained in this Agreement concerning the existence, structure or financial condition of Developer; provided, however, that such default or

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

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

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

e. The commencement by Developer of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by Developer to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of Developer or of any substantial part of the Property, or the making by any

such entity of any assignment for the benefit of creditors or the failure of Developer generally to pay such entity's debts as such debts become due or the taking of action by Developer in furtherance of any of the foregoing, or a petition is filed in bankruptcy by others.

- f. Failure to have funds to meet Developer's obligations.
- g. Sale, assignment, or transfer of the Project except in accordance with this Agreement.
- h. Change in the Developer (other than to Permitted Transferees).
- i. Developer abandons the Project on the Property. Abandonment shall be deemed to have occurred when work stops on the Property for more than thirty (30) days for any reason other than Uncontrollable Circumstances.
- j. Developer fails to comply with applicable governmental codes and regulations in relation to the construction and maintenance of the buildings contemplated by this Agreement. The maintenance requirement of this provision shall not be covered by and shall survive any Certificate of Completion or Estoppel Certificate of any kind issued during the term of this Agreement.
- k. Failure to renew or extend the letter of credit thirty or more days prior to its expiration date (in which event the Village may draw the full amount of the letter of credit).

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

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

days after written notice from Developer.

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

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

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

13.3 Remedies for Default. In the case of an Event of Default hereunder:

a. The defaulting party shall, upon written notice from the non-defaulting party, take immediate action to cure or remedy such Event of Default. If, in such case, any monetary Event of Default is not cured, or if in the case of a non-monetary Event of Default, except for circumstances contemplated under Section 13.1 (a), action is not taken or not diligently pursued, or if action is taken and diligently pursued but such Event of Default or breach shall not be cured or remedied within a reasonable time, but in no event more than fifteen (15) additional days unless extended by mutual agreement, the non-defaulting party may institute such proceedings as may be necessary or desirable in its opinion to cure or remedy such default or breach, including, but not limited to, proceedings to compel specific performance of the defaulting party's obligations under this Agreement.

b. In case the Village shall have proceeded to enforce its rights under this

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

c. In the case of an Event of Default by Developer, in addition to any other remedies at law or in equity, the Village shall be relieved of its obligations under this Agreement,

d. In the event an Event of Default, which is not timely cured, or in the event a "Default Date" as defined in Exhibit "C" is missed, the Village may immediately draw on the letter of credit.

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

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

Default hereunder, except to the extent specifically waived in writing. No waiver made with respect to the performance, nor the manner or time thereof, of any obligation or any condition under the Agreement shall be considered a waiver of any rights except if expressly waived in writing.

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

ARTICLE FOURTEEN

EQUAL EMPLOYMENT OPPORTUNITY

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

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

14.3 Contractors. Any contracts made by Developer with any general contractor, agent,

employee, independent contractor or any other Person in connection with Project shall contain language similar to that recited in Sections 14.1 and 14.2 above.

ARTICLE FIFTEEN

MISCELLANEOUS PROVISIONS.

15.1 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) electronic communications, whether by telex, telegram or telecopy, (c) overnight courier, or (d) registered or certified first class mail, postage prepaid, return receipt requested.

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

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

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

If to Developer: R. Franczak & Associates, LLC
 751 Graceland Avenue
 Des Plaines IL 60091
 Attn: Ray Franczak

With a copy to: Dowd, Dowd & Mertes, Ltd.
 701 Lee Street, Suite 790
 Des Plains, Illinois 60016
 Attn: Drake D. Mertes

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

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

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

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

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

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

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

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

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

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

15.11 Successors in Interest. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective authorized successors and assigns; provided, however, that, except as provided in Sections 8.10 and 8.11 hereof, Developer may not assign its rights under this Agreement without the express written approval of the Village.

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

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

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

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

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

specifying each such claimed default) and certifying such other matters reasonably requested by the requesting party.

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

15.18 Prevailing Wage. To the extent required by law, the Developer agrees to pay, and to contractually obligate and cause any and all general contractors and subcontractors for public improvements to pay, the prevailing rate of wages as established by the Village from time to time.

ARTICLE SIXTEEN

EFFECTIVENESS

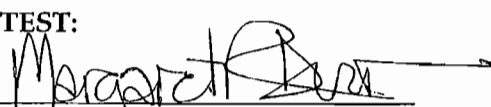
The Effective Date for this Agreement shall be the day on which this Agreement is fully executed pursuant to a duly enacted Village ordinance authorizing the execution and adoption of this Agreement. Developer shall execute this Agreement prior to Village Council authorization of execution of this Agreement.

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

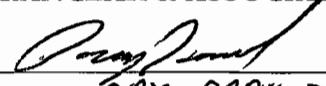
VILLAGE OF PALATINE, an Illinois
municipal corporation

By: 
Its: Mayor

ATTEST:

By: 
Its: Village Clerk

DEVELOPER:
R. FRANCIK & ASSOCIATES, INC.

By: 
Name: RAY FRANCIK & ASSO.
Its: PRESIDENT

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Christina W. Mesker, a Notary Public in and for said County, in the State aforesaid, DO
HEREBY CERTIFY, that RAY FRANCAZAK, PRESIDENT of R. Franczak & Associates, Inc., a
Illinois Corporation, who is personally known to me to be the same person whose name is subscribed to th
foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered th
said instrument as his own free and voluntary act as said President and as the free and voluntary act of sai
corporation for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 8th day of Aug, 2006.

Christina W. Mesker

Notary Public

My commission expires 7-6-10.

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

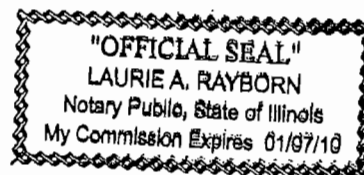


I, LAURIE A. RAYBORN, a Notary Public in and for said County, in the State aforesaid, DO
HEREBY CERTIFY, that PAT L. MULLIN Mayor and MARGARET R. DUEB Clerk of The Village of Palatine, an Illinois
_____, who are personally known to me to be the same persons whose names are subscribed to th
foregoing instrument, appeared before me this day in person and acknowledged that they signed and delivered th
said instrument as their own free and voluntary act as said Mayor and Clerk and as the free and voluntary act c
said Village for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 8th day of AUG., 2006.

Laurie A. Rayborn
Notary Public

My commission expires 1-07-10.



EXHIBITS

EXHIBIT A LEGAL DESCRIPTION OF PROPERTY
EXHIBIT B FINAL PLANS
EXHIBIT C DEVELOPMENT SCHEDULE

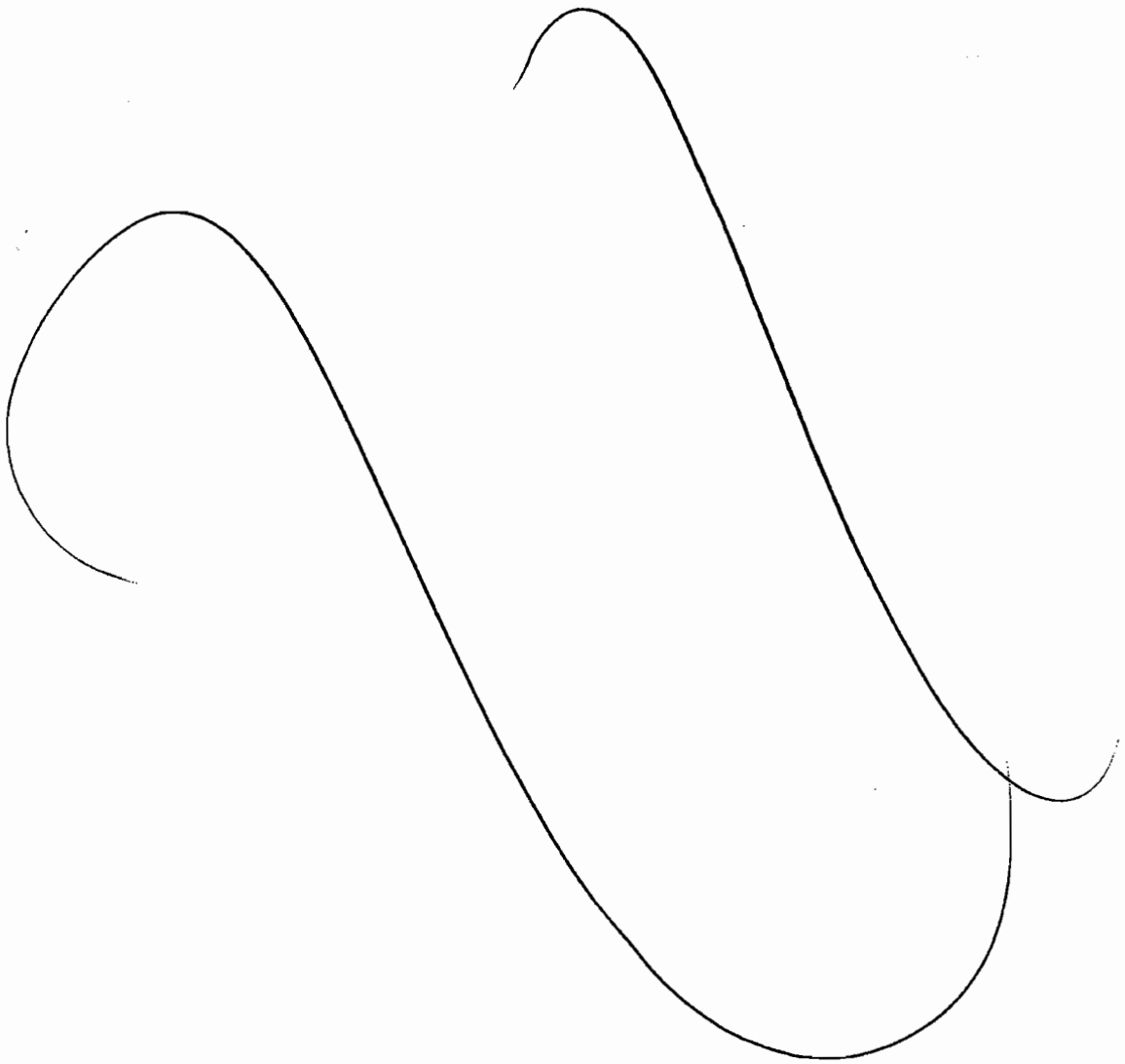
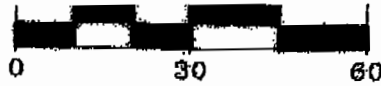


EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY



ASSUMED BEARING SYSTEM

EXHIBIT A

PROPERTY DESCRIPTION:

LOTS 3 THROUGH 8 ALL INCLUSIVE IN BLOCK E IN BATTERMAN'S SUBDIVISION, BEING A SUBDIVISION OF PART OF THE NORTHEAST QUARTER OF SECTION 22, TOWNSHIP 42 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

ALSO

THAT PART OF THE NORTHEAST QUARTER OF SECTION 22, TOWNSHIP 42 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF BLOCK "E" OF BATTERMAN'S SUBDIVISION OF PART OF SAID NORTHEAST QUARTER; THENCE SOUTH 4 RODS (66 FEET); THENCE WEST 8 RODS; THENCE NORTH 4 RODS; THENCE EAST 8 RODS TO THE POINT OF BEGINNING IN COOK COUNTY, ILLINOIS.

ALSO

THAT PART OF THE NORTHEAST QUARTER OF SECTION 22, TOWNSHIP 42 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING ON THE SOUTH LINE OF BLOCK "E" OF BATTERMAN'S SUBDIVISION OF PART OF SAID NORTHEAST QUARTER AT A POINT 8 RODS (132 FEET) WEST OF THE SOUTHEAST CORNER OF SAID BLOCK "E"; THENCE SOUTH 4 RODS (66 FEET); THENCE WEST 8 RODS; THENCE NORTH 4 RODS; THENCE EAST 8 RODS TO THE POINT OF BEGINNING IN COOK COUNTY, ILLINOIS.

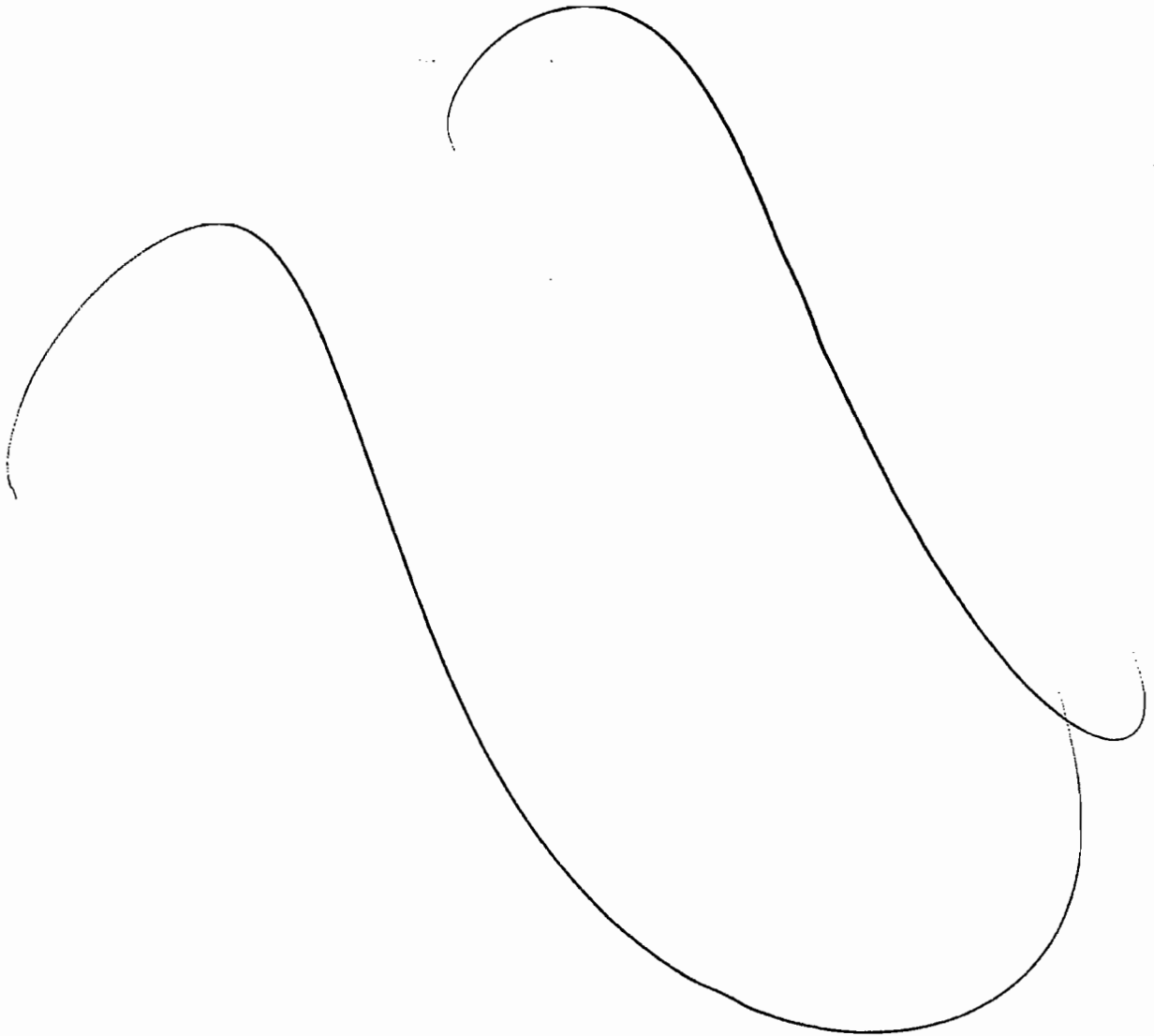
ALSO

THAT PART OF JACKSON STREET (SMITH STREET) VACATED BY ORDINANCE 0-44-88 RECORDED JUNE 1, 1988 AS DOCUMENT 88233633.

EXHIBIT C
DEVELOPMENT SCHEDULE

EXHIBIT C - DEVELOPMENT SCHEDULE								
ACTION:				TARGET DATE:		DEFAULT DATE:		PENALTY:
Obtain Final PUD Approval				August 31,2006		November 30, 2006		\$10,000
Close on remaining properties Demo Buildings Clear Site				November 30, 2006		April 30, 2007		\$25,000
Apply for Building Permit-Condo				March 31, 2007		May 31, 2007		\$25,000
Complete Condo Building Foundation				August 31, 2007		October 31, 2007		\$30,000
Apply for Building Permit- Rowhomes				August 31, 2007		November 30, 2007		\$25,000
Complete Rowhome Building Foundation				October 31, 2007		May 31, 2008		\$50,000
Condo Building Fully Enclosed (Under Roof & with all Windows and Exterior Doors)				August 31, 2008		November 30, 2008		\$50,000
Complete the Rowhome & Condo Project				April 30, 2009		June 30, 2009		\$100,000

EXHIBIT B
FINAL PLANS





Smith Street Condominium ar
Palatine, Illinois

R. FRANCAZAK
& ASSOCIATES INC.

HKMI
ARCHITECTS + PLANNERS, INC.



Aerial Perspective Looking Southwest

R. FRANCAK
& ASSOCIATES INC.

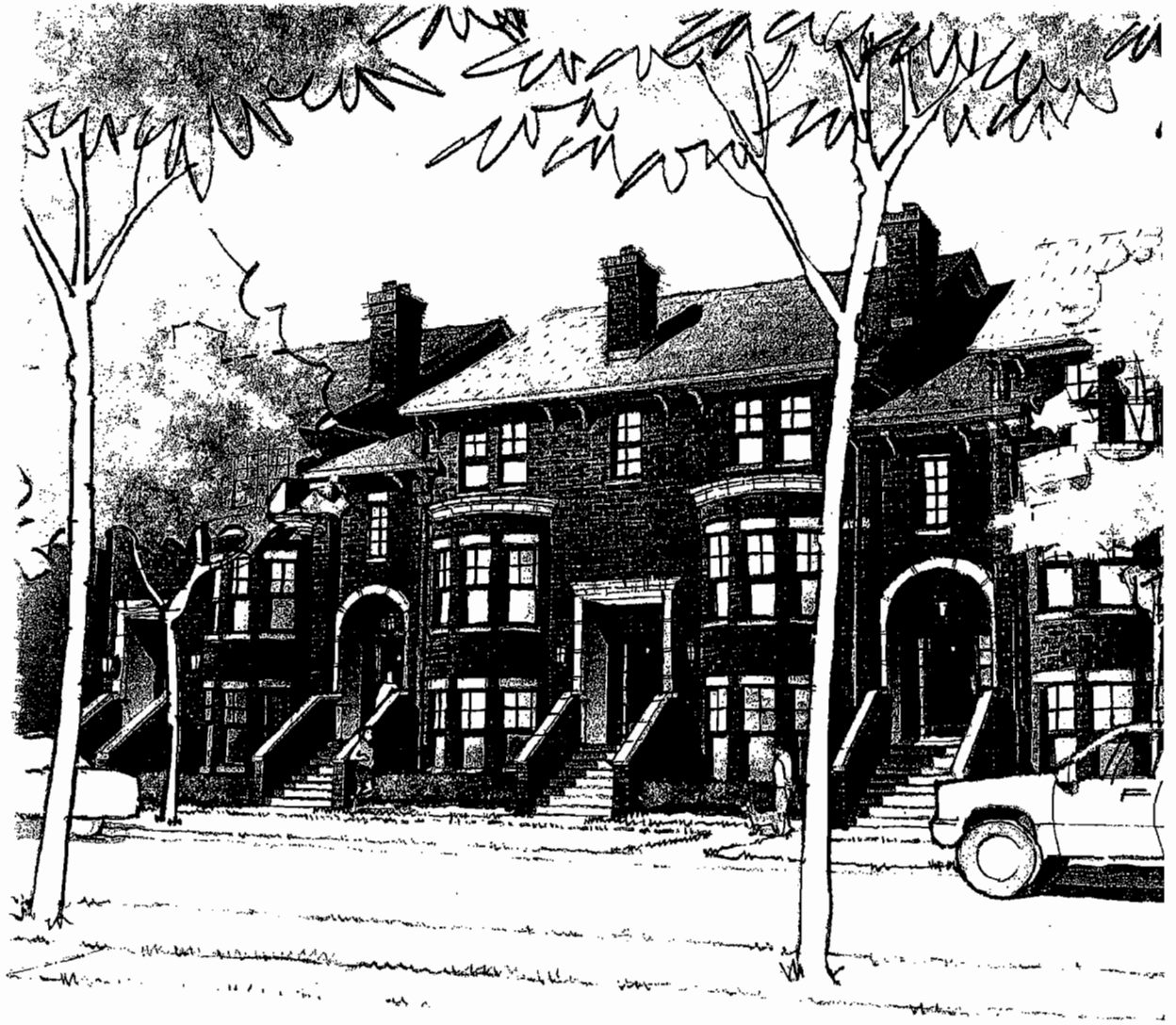
Smith Street Condominium and Brownstones
Palatine, Illinois



Aerial Perspective Looking Southeast

R. FRANCAZAK
& ASSOCIATES INC.

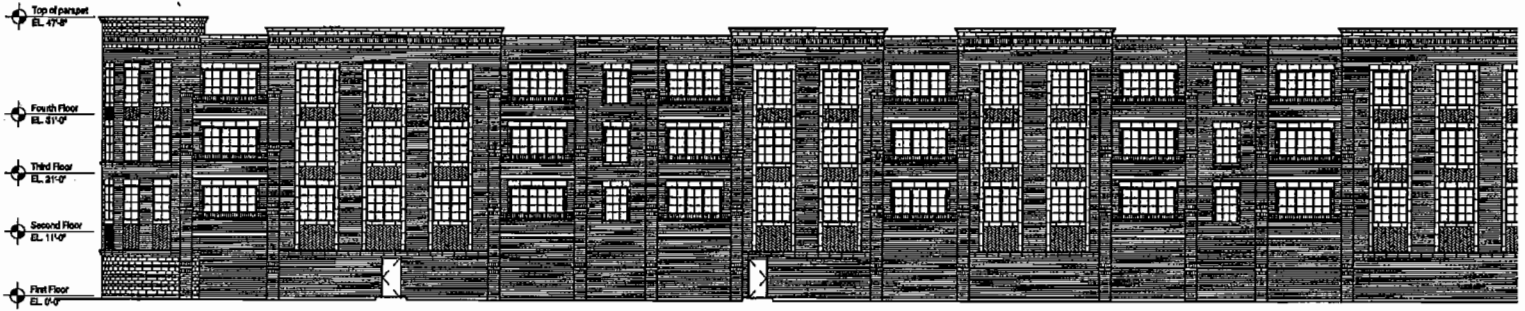
Smith Street Condominium and Brownstones
Palatine, Illinois



View of Brownstones

R. FRANZAK
& ASSOCIATES INC.

Smith Street Condominium and Brownstones
Palatine, Illinois



West Elevation

R. FRANCAK
& ASSOCIATES INC.

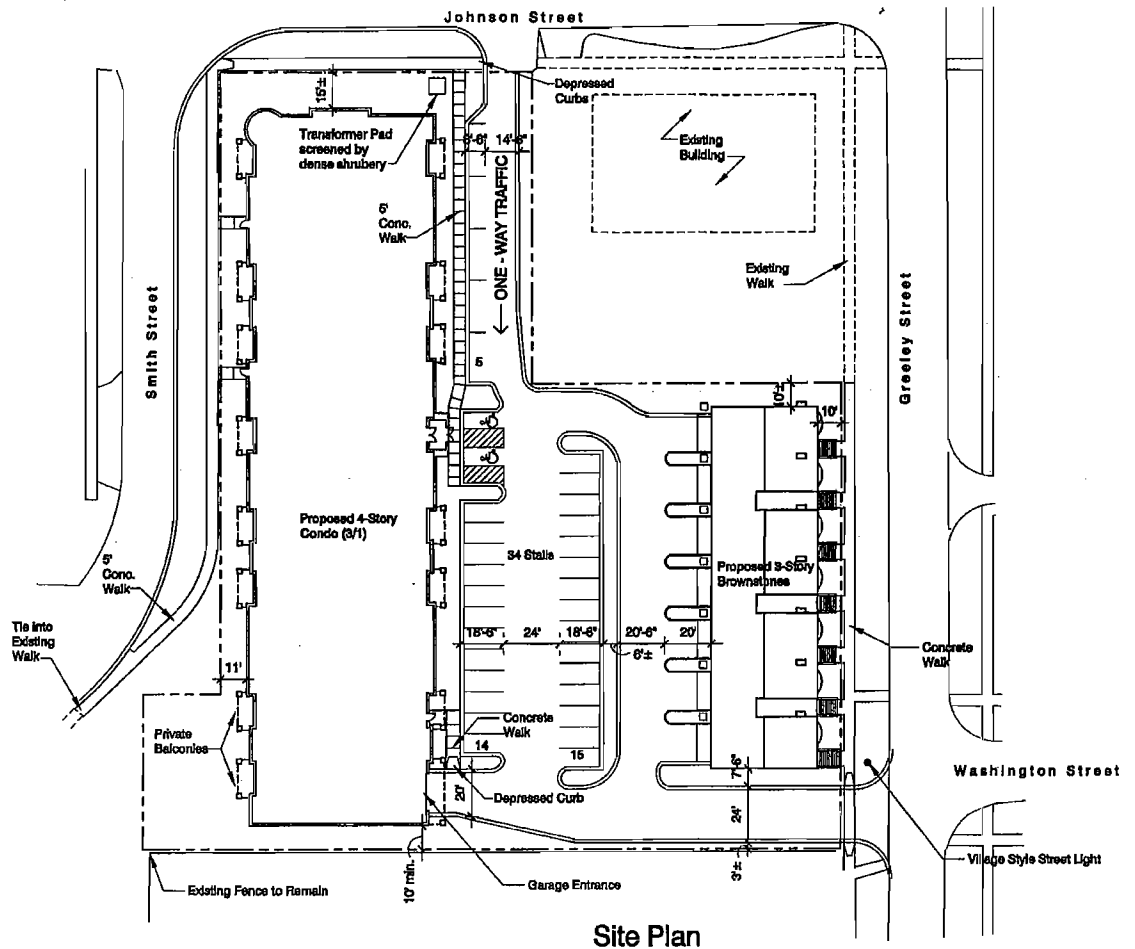
Smith Street Condominium and Brownstones
Palatine, Illinois



Brownstone Elevations

R. FRANZAK
 & ASSOCIATES INC.

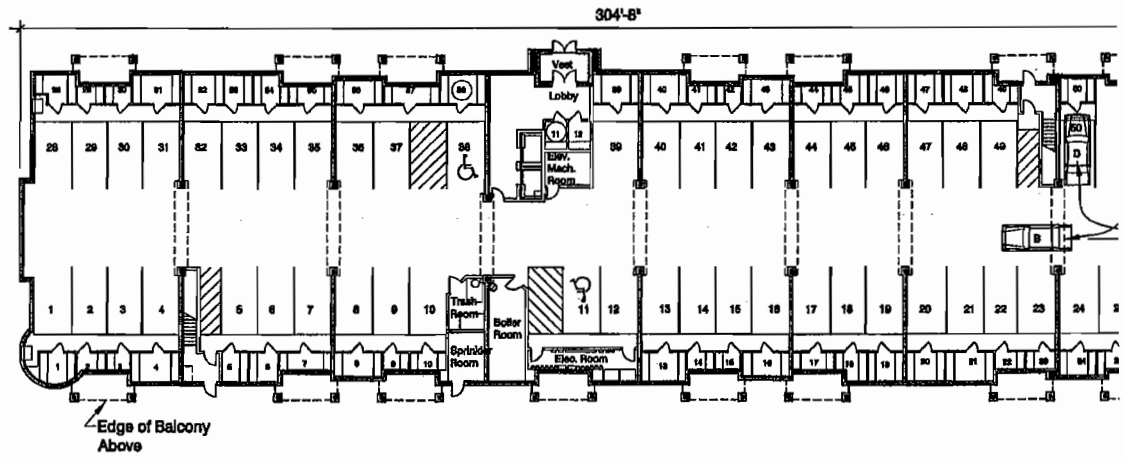
Smith Street Condominium and Brownstones
 Palatine, Illinois



Site Plan

R. FRANCAZAK
& ASSOCIATES INC.

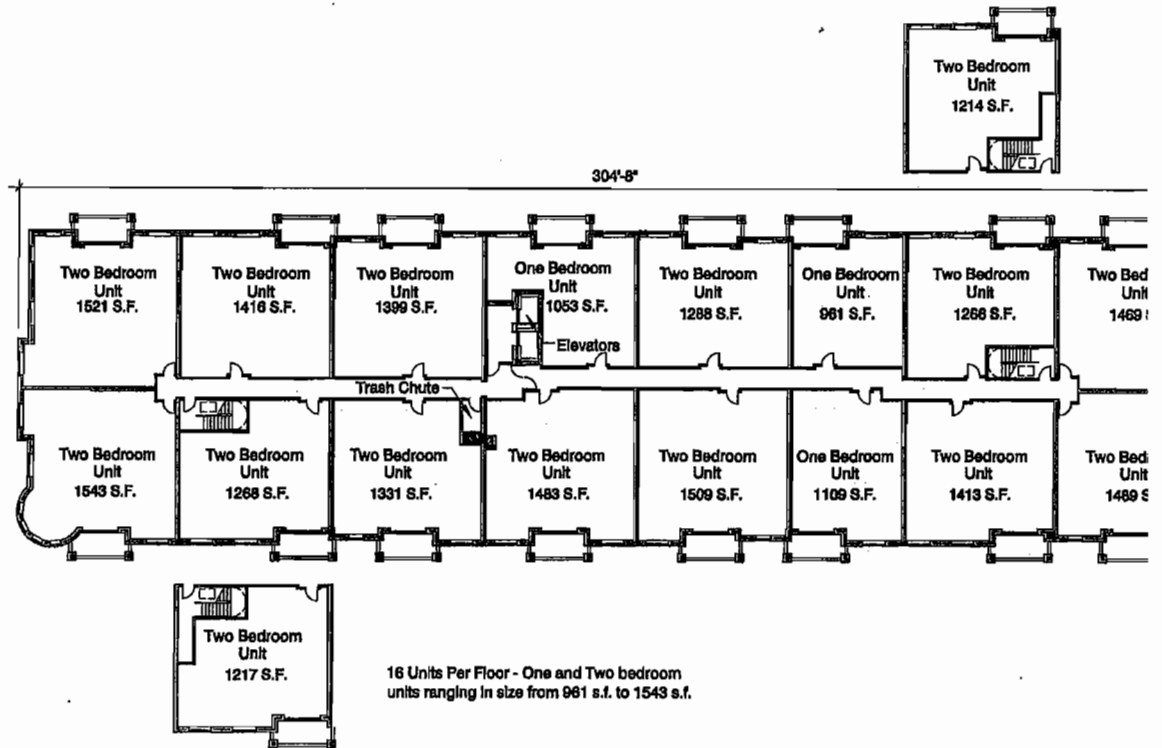
Smith Street Condominium and Brownstones
Palatine, Illinois



First Floor Plan - 48 Unit Condominium

R. FRANCAK
& ASSOCIATES INC.

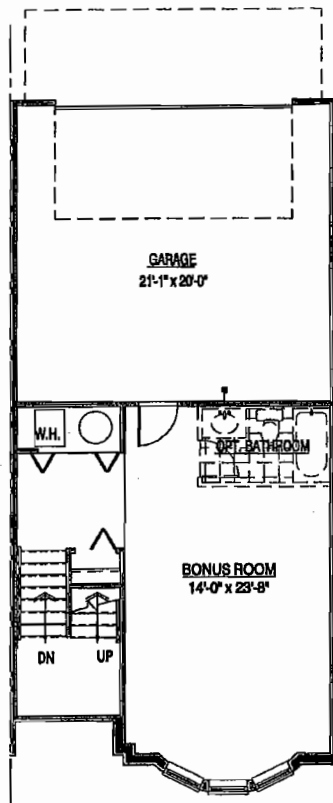
Smith Street Condominium and Brownstones
Palatine, Illinois



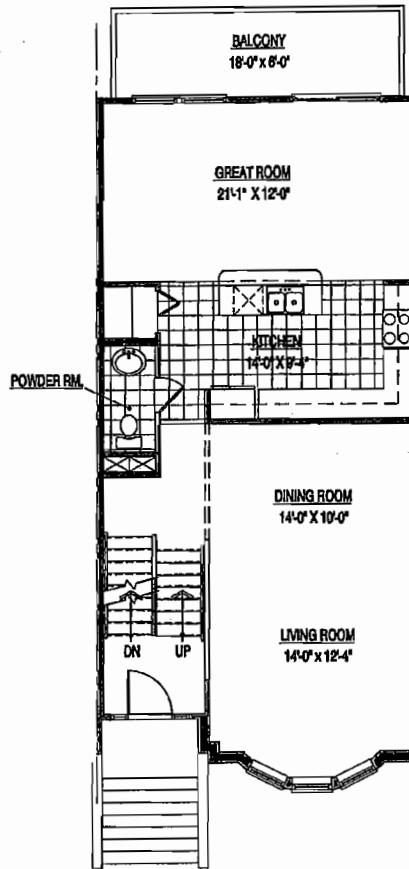
Typical Floor Plan - 48 Unit Condominium

R. FRAN CZAK
& ASSOCIATES INC.

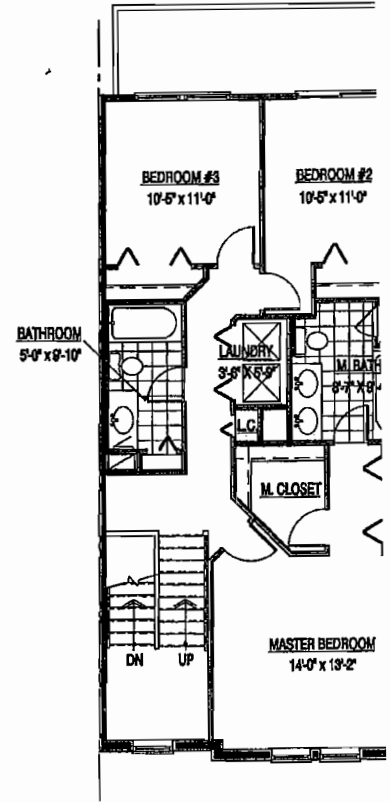
Smith Street Condominium and Brownstones
Palatine, Illinois



FIRST FLOOR



SECOND FLOOR

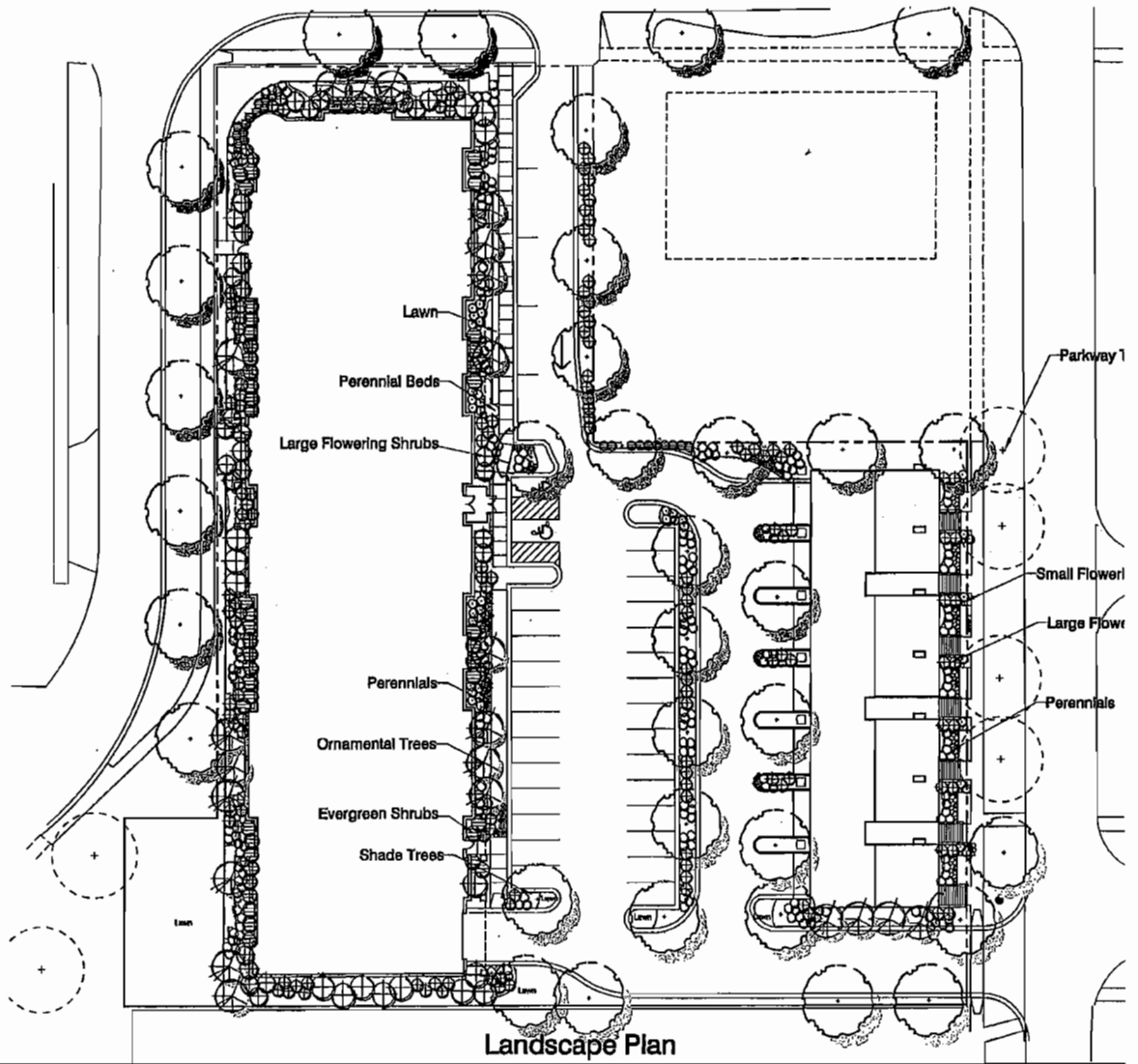


THIRD FLOOR

Brownstone Floorplans

R. FRANCAK
& ASSOCIATES INC.

Smith Street Condominium and Brownstones
Palatine, Illinois



R. FRANZAK
 & ASSOCIATES INC.

Smith Street Condominium and Brownstones
 Palatine, Illinois

PLANT LIST

SHADE TREES

BOTANICAL NAME	COMMON NAME	SIZE
AF ACER x FREEMANI 'CULTIVARS'	FREEMAN MAPLE	8' DB
TA TILIA AMERICANA 'REDMOND'	REDMOND LINDEN	8' DB

ORNAMENTAL TREES

BOTANICAL NAME	COMMON NAME	SIZE
CI CRATAEGUS CRUGGALLI 'KERMIS'	THORNLESS HAWTHORN	8' MIN
MD MALUS 'SNOWDRIFT'	SNOWDRIFT CRAB	8' MIN
MP MALUS 'PROFUSION'	PROFUSION CRAB	8' MIN
MS MAGNOLIA STELLATA 'ROYAL STAR'	ROYAL STAR MAGNOLIA	8' MIN

EVERGREEN SHRUBS

BOTANICAL NAME	COMMON NAME	SIZE
JC JUNIPERUS CHINENSIS 'PFTZERIANA COMPACTA'	COMPACT PFTZER JUNIPER	6' DB
TM TAXUS X MEDIA 'TAUNTONI'	TAUNTON YEW	3' DB

FLOWERING SHRUBS

BOTANICAL NAME	COMMON NAME	SIZE
AA AMELANCHIER ALNIFOLIA 'REGENT'	REGENT BARKATOON SERVICEBERRY	24' DB
AR ARONIA ARBUTIFOLIA 'BRILLANTISSIMA'	CHOKEBERRY	24' DB
BT BERBERIS THUNBERGII 'CRIMSON PYGMY'	CRIMSON PYGMY BARBERRY	18' DB
CA CLETHRA ALNIFOLIA	SUMMERWEET CLETHRA	24' DB
CS CORNUS SERICEA 'VARIGATED'	VARIATED REDTWA DOGWOOD	24' DB
EA EUCYMIUS ALATUS 'COMPACTUS'	COMPACT BURNINGBUSH	24' DB
FI FORSYTHIA x INTERMEDIA 'MEADOWLARK'	FORSYTHIA	30' DB
FG FOTHERGILLIA GARDENII	DWARF FOTHERGILLIA	24' DB
HA HYDRANGEA ARBORESCENS'	ANABELLE HYDRANGEA	24' DB
SP SPRAEA BUNALDA 'GOLDFLAME'	GOLDFLAME SPIREA	24' DB
SY SYRINGA PATULA 'MISS KIM'	MISS KIM LILAC	24' DB
VD VIBURNUM DENTATUM	ARROWWOOD VIBURNUM	24' DB
VB VIBURNUM x BURKWOODII	BURKWOOD VIBURNUM	24' DB

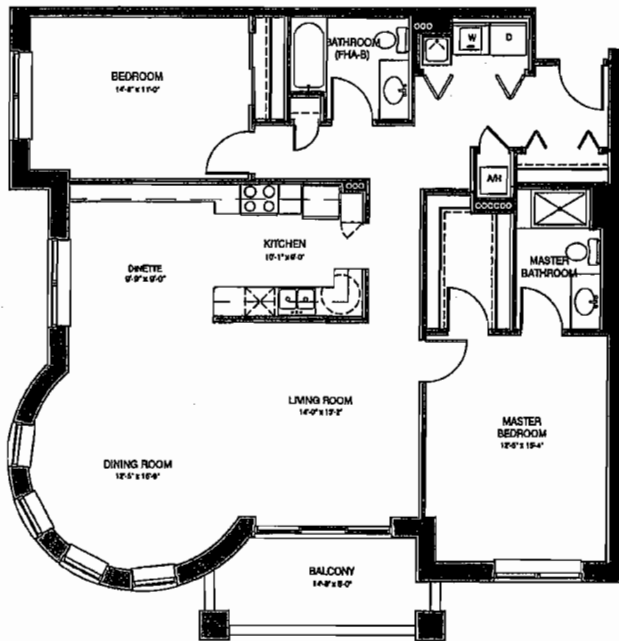
PERENNIALS

BOTANICAL NAME	COMMON NAME	SIZE	SPACING
AV ACORUS CALAMUS 'VARIEGATUS'	VARIATED SWEET FLAG	1 GAL	18" O.C.
AJ ASTILBE x JAPONICA 'MAINZ'	MAINZ ASTILBE	1 GAL	18" O.C.
AW ASTER 'WOODS LIGHT BLUE'	'WOODS LIGHT BLUE' ASTER	1 GAL	18" O.C.
CV COREOPSIS VERTICILLATA 'GOLDEN SHOWER'	LARGE FLOWERED THREADLEAF COREOPSIS	1 GAL	18" O.C.
EF ELONIMUS FORTUNIS 'COLORATUS'	PURPLE LEAF WATERCREEPER	3" POT	12" O.C.
HH HEMEROCALLIS 'HAPPY RETURNS'	HAPPY RETURNS DAYLILY	1 GAL	18" O.C.
HL HEMEROCALLIS 'LITTLE WINE CUP'	LITTLE WINE CUP DAYLILY	1 GAL	18" O.C.
HP HELIOPSIS PALACE PURPLE	PALACE PURPLE CORAL BELLS	1 GAL	18" O.C.
HD HOSTA 'DIAMOND TIARA'	DIAMOND TIARA HOSTA	1 GAL	18" O.C.
HB HOSTA 'BLUE ANGEL'	BLUE ANGEL HOSTA	1 GAL	18" O.C.
HG HOSTA 'GOLDEN TIARA'	GOLDEN TIARA HOSTA	1 GAL	18" O.C.
HS HOSTA 'SUMMER FRAGRANCE'	SUMMER FRAGRANCE HOSTA	1 GAL	18" O.C.
LI LAVANDULA x INTERMEDIA 'GROSSO'	'GROSSO' LAVENDER	1 GAL	18" O.C.
MS MISCANTHUS SINENSIS 'LITTLE KITTEN'	LITTLE KITTEN MISCANTHUS	1 GAL	18" O.C.
MM MISCANTHUS SINENSIS 'MORNING LIGHT'	MORNINGLIGHT MISCANTHUS	1 GAL	18" O.C.
PT PACHYSANDRA TERMINALIS 'GREEN CARPET'	GREEN CARPET PACHYSANDRA	3" POT	12" O.C.
PE PENNISETUM ALOPECUROIDES	FOUNTAIN GRASS	1 GAL	18" O.C.
VM VINCA MINOR	MYRTLE	3" POT	12" O.C.

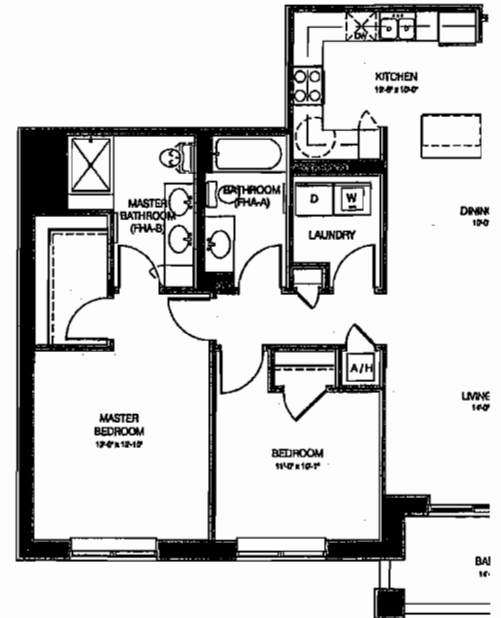
Plant List

R. FRANZAK
& ASSOCIATES INC.

Smith Street Condominium and Brownstones
Palatine, Illinois



Turret Unit
Two Bedroom



Typical Unit @ Stairs
Two Bedroom

Unit Plans

R. FRANCAK
& ASSOCIATES INC.

Smith Street Condominium and Brownstones
Palatine, Illinois

STATE OF ILLINOIS)
COUNTY OF COOK) SS

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

I do further certify that the foregoing Ordinance is a true and correct copy of an Ordinance passed and adopted by the Village Council of the Village of Palatine at a Regular meeting held on the 7 day of August, 2006, and that said ordinance was deposited and filed in the office of the Village Clerk on the 7 day of August, 2006.


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

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

AYES: 4 NAYS: 0 ABSENT: 2 PASS: 0

BY WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the Village of Palatine this 7 day of August, 2006.

(SEAL)


Margaret R. Duer
Palatine Village Clerk



Doc#: 0707949020 Fee: \$46.50
Eugene "Gene" Moore RHSP Fee: \$10.00
Cook County Recorder of Deeds
Date: 03/20/2007 11:22 AM Pg: 1 of 12

ORDINANCE NO. 0-233-06

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE A FIRST AMENDMENT
TO REDEVELOPMENT AGREEMENT BETWEEN THE VILLAGE OF PALATINE AND
HUMMEL DEVELOPMENT, LLC - FOR THE PROPERTY LOCATED AT
THE SOUTHWEST CORNER OF PLUM GROVE ROAD AND WILSON STREET
KNOWN AS THE PROVIDENCE DEVELOPMENT (BLOCK 31)**

PIN 02-15-424-006

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

Published in pamphlet form by authority of the
Mayor and Village Council of the Village of Palatine
On December 18, 2006

ORDINANCE NO. 0-233-06

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE A FIRST AMENDMENT
TO REDEVELOPMENT AGREEMENT
BETWEEN THE VILLAGE OF PALATINE AND HUMMEL DEVELOPMENT, LLC
FOR THE PROPERTY LOCATED AT
THE SOUTHWEST CORNER OF PLUM GROVE ROAD AND WILSON STREET
KNOWN AS THE PROVIDENCE DEVELOPMENT (BLOCK 31)**

WHEREAS, the Village of Palatine by Ordinance Nos. 0-224-99, 0-225-99, 0-226-99 and passed by the Mayor and Village Council on December 16, 1999, established a Tax Increment Financing District, adopted a Tax Increment Redevelopment Plan for its downtown and designated a Redevelopment Project Area; and

WHEREAS, on January 24, 2000, the Village Council, at a meeting duly held, did adopt Ordinance No. 0-12-00 correcting certain scrivener's errors in the legal description attached as Exhibit A to Ordinances Nos. 0-224-99, 0-225-99 and 0-226-99 of the Village of Palatine, Cook County, Illinois; and

WHEREAS, pursuant to Ordinance #0-20-04, adopted on February 9, 2004, the Village of Palatine entered into a Redevelopment Agreement with Hummel Development, LLC for the property at the southwest corner of Plum Grove Road and Wilson Street (Providence Development – Block 31); and

WHEREAS, the Mayor and Village Council have on December 11, 2006 and December 18, 2006, considered the proposed First Amendment to Redevelopment Agreement with Hummel Development, LLC, and have determined that entering into this Agreement furthers the purposes of the Tax Increment Financing District and the Redevelopment Plan for Downtown and furthers the public interest; and

WHEREAS, Article 3, paragraph (h) of the Redevelopment Agreement authorizes the Mayor to do all things for and on behalf of the Village of Palatine

regarding the execution of this Agreement and any supporting documents to the extent permitted by law.

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

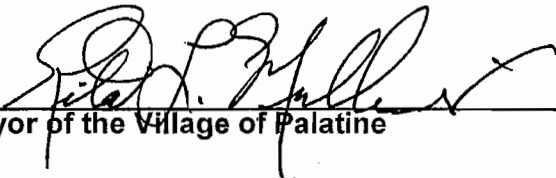
SECTION 1: The Village of Palatine hereby authorizes the Mayor to execute the First Amendment to Redevelopment Agreement attached hereto as Exhibit "A", pursuant to the Tax Increment Financing Act, Section 65 ILCS 5/11-74/4-4(c) and authorizes the Mayor to execute any other supporting documents to the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

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

PASSED: This 18 day of December, 2006

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

APPROVED by me 18 day of December, 2006



Mayor of the Village of Palatine

ATTESTED and FILED in the office of the Village Clerk

This 18 day of December, 2006



Village Clerk

FIRST AMENDMENT TO
REDEVELOPMENT AGREEMENT

THIS FIRST AMENDMENT TO REDEVELOPMENT AGREEMENT (this "Amendment"), is made and entered into as of the 18 day of December, 2006 ("Amendment Date") by and between the **VILLAGE OF PALATINE, ILLINOIS**, an Illinois municipal home rule corporation, located in Cook County, Illinois (the "Village"), and **HUMMEL DEVELOPMENT GROUP, LLC**, an Illinois Limited Liability Company (the "Developer"). (The Village and the Developer are sometimes referred to individually as a "Party" and collectively as the "Parties").

RECITALS

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

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

WHEREAS, the Village is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et seq., as amended (the "Act"), to

finance redevelopment in accordance with the conditions and requirements set forth in the Act; and

WHEREAS, the parties hereto previously entered into that certain Redevelopment Agreement dated as of the ninth day of February, 2004; and

WHEREAS, the terms of that certain Redevelopment Agreement dated as of the ninth day of February, 2004 shall remain and be in full force in effect except as modified in Section 8.7 and 9.8 herein; and

WHEREAS, subsequent to the Developer's completion of construction of the buildings and after months of attempting to lease the commercial property for retail sales generating uses, the Developer encountered unexpected resistance in the market place in achieving 100 percent retail sales generating uses or restaurant uses; and

WHEREAS, the parties wish to amend the Redevelopment Agreement as provided hereinbelow; and

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

WHEREAS, this Agreement has been submitted to the manager of the Developer for consideration and review, the manager has taken all actions required to be taken prior to the execution of this Agreement in order to make the same binding upon and Hummel Development Group, LLC, according to the terms hereof, and any

and all action of the manager of the and Hummel Development Group, LLC precedent to the execution of this Agreement have been undertaken and preformed in the manner required by law.

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

ARTICLE ONE

INCORPORATION OF RECITALS.

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

ARTICLE TWO

DEFINITIONS.

For the purposes of this Amendment, except where the context clearly requires otherwise, words and terms used in this Amendment shall have the meanings as in the Redevelopment Agreement.

ARTICLE THREE

CONSTRUCTION.

For purposes of this Amendment, except where the context by clear implication shall otherwise require, words and terms used in this Amendment shall be construed and applied the same as in the Redevelopment Agreement.

ARTICLE FOUR.

RETAIL SALES GENERATING USES

Article Eight, Section 8.7 is deleted and shall be amended to read as follows:

"Retail Sales Generating Uses. The Developer agrees that during the term of this Agreement, not less than sixty-five (65%) percent of the occupants to be located on the first floor shall be retail sales generating uses or restaurant uses."

Article Nine, Section 9.8 is deleted and shall be amended to read as follows:

"Usage of Proposed Building. The Developer shall lease or sell not less than sixty-five (65%) percent of the commercial space of the first floor of the building to occupants and buyers whose uses generate sales tax as a principal part of the business."

ARTICLE FIVE

NON-CONFLICT

5.1 Non-Conflict or Breach. Neither the execution and delivery of this Amendment by Developer, the consummation of the transactions contemplated hereby by Developer, nor the fulfillment of or compliance with the terms and conditions of this Amendment by Developer conflicts with or results in a breach of any of the terms, conditions or provisions of any offerings or disclosure statement made or to be made on behalf of Developer (with Developer's prior written approval), any organizational documents, any restriction, agreement or instrument to which Developer or any of its

partners or venturers is now a party or by which Developer or any of its partners or its venturers is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any prohibited lien, charge or encumbrance whatsoever upon any of the assets or rights of Developer, any related party or any of its venturers under the terms of any instrument or agreement to which Developer, any related party or any of its partners or venturers is now a party or by which Developer, any related party or any of its venturers is bound.

ARTICLE SIX

MISCELLANEOUS PROVISIONS

- 6.1 Time of the Essence.** Time is of the essence of this Amendment.
- 6.2 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.
- 6.3 Recordation of Amendment.** The Parties agree to record this Amendment in the appropriate land or governmental records.
- 6.4 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.
- 6.5 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.

6.6 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.

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

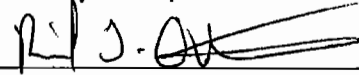
6.8 Term. This Amendment shall remain in full force and effect for twenty-three (23) years from the date the Entire Redevelopment Project Area was created, unless the Redevelopment Plan with respect to the Redevelopment Project is extended or until termination of the Redevelopment Project Area or until otherwise terminated pursuant to the terms of this Amendment; provided, however, that the Developer's construction obligations hereunder shall terminate pursuant to certificates of completion issued by the Village.

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

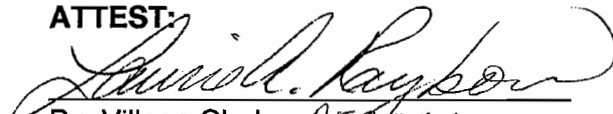
6.10 Conflicts. Wherever the terms and conditions of this Amendment conflict with the terms and conditions of the Redevelopment Agreement between the Parties, the terms and conditions of this Agreement shall control and govern. All other terms and conditions of the Redevelopment Agreement between the Parties are reinstate herein in their entirety.

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

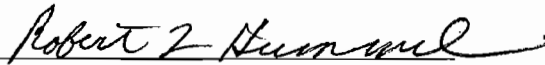

By: Village Manager

ATTEST:


By: Village Clerk - *DERBY*

Hummel Development Group, LLC

ROBERT L. HUMMEL

By: 

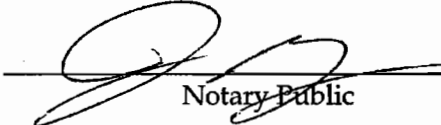
Its: MANAGER

C:RCK\1st Amendment to RDA 12-29-06

STATE OF ILLINOIS)
) SS
COUNTY OF _____)

I, Jason Majerczak, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Robert L. Hummel, of Hummel Development Group, LLC, an Illinois Limited Liability Company, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said Hummel Development Group, LLC., for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 8th day of February, ²⁰⁰⁷~~2006~~.



Notary Public

My commission expires 2/9/10.



STATE OF ILLINOIS)) SS
COUNTY OF COOK)

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

I do further certify that the foregoing Ordinance is a true and correct copy of a ordinance passed and adopted by the Village Council of the Village of Palatine at a Regular meeting held on the 18 day of December, 2006, and that said ordinance was deposited and filed in the office of the Village Clerk on the 18 day of December, 2006.

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

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

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

BY WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the Village of Palatine this 23 day of February, 2007.

(S E A L)


Margaret R. Duer
Palatine Village Clerk

OFFICIAL STATEMENT

The obligation issued was in the form of a Redevelopment Note directly with the Developer. Therefore, no official statement was required.

In lieu of an Official Statement, a copy of the Redevelopment Note is included in this Attachment.

ORDINANCE NO. 0-66-06

**AN ORDINANCE PROVIDING FOR THE AUTHORIZATION AND ISSUANCE
OF \$190,000 LIMITED OBLIGATION REDEVELOPMENT NOTE
(BOTHWELL STREET PROPERTIES, LLC)) SERIES 2006-B
OF THE VILLAGE OF PALATINE, COOK COUNTY, ILLINOIS**

**Published in pamphlet form by authority of the
Mayor and Village Council of the Village of Palatine
On April 3, 2006**

ORDINANCE NUMBER O- 66 -06

**AN ORDINANCE PROVIDING FOR THE AUTHORIZATION AND ISSUANCE
OF \$190,000 LIMITED OBLIGATION REDEVELOPMENT NOTE
(BOTHWELL STREET PROPERTIES, LLC.) SERIES 2006-B
OF THE VILLAGE OF PALATINE, COOK COUNTY, ILLINOIS**

WHEREAS, the Village of Palatine, Cook County, Illinois (the "Village") has heretofore adopted a "redevelopment plan and project" and designated a portion of the Village as a "redevelopment project area" pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5 5111-74.4-1 et seq., as amended (and as heretofore amended, the "TIF Act"), and has otherwise complied with all other conditions precedent required by the TIF Act; and

WHEREAS, the Village has heretofore adopted tax increment allocation financing pursuant to the TIF Act with respect to such redevelopment plan and project and redevelopment project area (the "Project Area"); and

WHEREAS, the Mayor and Village Council have determined that it is necessary and in the best interests of the Village that the Village issue its obligations for the purpose of paying certain of the redevelopment project costs for the redevelopment project (the "Project") which has been approved for the Project Area; and

WHEREAS, the Village adopted on July 12, 2004 Ordinance No. 0-145-04 which authorizes the Village to enter into a redevelopment agreement, as from time to time amended (the "Redevelopment Agreement") with Bothwell Street Properties, LLC. ("Developer");

WHEREAS, in consideration of redevelopment project costs for the Project incurred by or on behalf of the Developer, the Village agrees to issue, and the Developer agrees to acquire, according to certain terms and conditions, tax increment allocation revenue obligations; and

WHEREAS, the Village will receive no cash proceeds in exchange for the tax increment allocation revenue obligations to be issued pursuant to this Ordinance.

NOW, THEREFORE, be It Ordained by the Mayor and Village Council of the Village of Palatine, Cook County, Illinois, as follows:

Section 1. Incorporation of Preambles. The Mayor and Village Council of the Village hereby find that all of the recitals contained in the preambles to this Ordinance are full, true and correct and do incorporate them into this Ordinance by this reference.

Section 2. Authorization. The Mayor and Village Council of the Village hereby find that the Village is authorized to issue its tax increment allocation revenue obligations in the amount of \$190,000 for the purpose of paying a portion of the costs of the Project.

Section 3. Note Details. There shall be borrowed for and on behalf of the Village the amount of \$190,000 for the payment of a portion of the costs of the Project and the note of the Village shall be issued in said amount and shall be designated "Limited Obligation Redevelopment Note (Bothwell Street Properties, LLC) Series 2006-B (the "Note"). The Note shall be dated April 3, 2006, shall be issued as a fully registered obligation in the denomination of \$190,000, and shall become due and payable as provided therein.

The principal of the Note shall be paid by check or draft of the Village Treasurer of the Village, as registrar and paying agent (the "Registrar"), payable in lawful money of the United States of America to the person in whose name the Note is registered at the close of business on the 15th day of the month immediately prior to the applicable date, unless the Village has been directed to make such payment in another manner by written notice given to the Registrar by the registered owner at least 30 days prior to the applicable payment date; provided, that the final installment of the principal of the Note shall be payable in lawful money of the United States of America at the principal office of the Registrar.

The seal of the Village shall be affixed to or a facsimile thereof printed on the Note, and the Note shall be signed by the manual or facsimile signature of the Mayor of the Village and attested by the manual or facsimile signature of the Village Clerk of the Village, and in case any officer whose signature shall appear on the Note shall cease to be such

officer before the delivery of the Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

Section 4. Registration of Note; Persons Treated as Owner. The Village shall cause books (the "Register") for the registration and for the transfer of the Note in accordance with their terms as provided in this Ordinance to be kept at the principal office of the Registrar, which is hereby constituted and appointed the registrar of the Village for the Note. The Village is authorized to prepare, and the Registrar shall keep custody of, multiple Note blanks executed by the Village for use in the transfer of the Note in accordance with its terms.

Upon surrender for transfer of the Note in accordance with its terms at the principal office of the Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Registrar and duly executed by, the registered owner or his attorney duly authorized in writing, the Village shall execute and the Registrar shall date and deliver in the name of the transferee or transferees a new fully registered Note of the same maturity, of authorized denomination, for a like aggregate principal amount. The execution by the Village of the fully registered Note shall constitute full and due authorization of the Note and the Registrar shall thereby be authorized to date and deliver the Note, provided, however, that the principal amount of the Note so authenticated by the Registrar shall not exceed the authorized principal amount of the Note surrendered for transfer less previous retirements.

The person in whose name the Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of the Note shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Note to the extent of the sum or sums so paid. No service charge shall be made for any transfer of the Note, but the Village or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer of the Note.

Section 5. Form of Note. The Note shall be prepared in substantially the form attached hereto as Appendix A.

Section 6. Execution and Delivery of Note. The Note hereby authorized shall be executed as in this Ordinance provided as soon after the passage hereof as may be, and thereupon, be deposited with the Treasurer of the Village, and be by said Treasurer delivered to Wal-Mart.

Section 7. Pledge of Revenues. THE NOTE IS A LIMITED OBLIGATION OF THE VILLAGE AND IS NOT SECURED BY THE VILLAGE'S FULL FAITH AND CREDIT. The Note is secured only by the special tax allocation fund comprised of Incremental Property Taxes (being the ad valorem taxes, if any, arising from the taxes levied upon the Subject Property, which taxes are attributable to the increases in the then-current equalized assessed valuation ("EAV") of the Subject Property, over and above the initial EAV of the Subject Property, all as determined by the Cook County Clerk pursuant to, and in accordance with, the Act, the Authorizing Ordinances and the Redevelopment Agreement). The Incremental Property Taxes received by the Village from the development of the Subject Property, as more specifically defined in the Authorizing Ordinances, are referred to herein as the "Limited Pledged Taxes". The Limited Pledged Taxes of the Subject Property shall be the sole security and source of repayment for this Redevelopment Note. Deposits of Limited Pledged Taxes into special allocation funds to pay this Redevelopment Note shall not be subject to any additional appropriation process of the Village, and the amounts deposited therein shall be disbursed in accordance with this Redevelopment Note, the Redevelopment Agreement and the Authorizing Ordinances, all without further action by the Village.

Section 8. Not Private Activity Bonds. The Note is not a "private activity bond" as defined in Section 141(a) of the Code. In support of such conclusion, the Village certifies, represents and covenants as follows:

(a) No direct or indirect payments are to be made on the Note with respect to any private business use by any person other than a state or local governmental unit.

(b) None of the proceeds of the Note are to be used, directly or indirectly, to make or finance loans to persons other than a state or local governmental unit.

Section 9. General Arbitrage Covenants. The Village represents and certifies that moneys on deposit in any fund or account in connection with the Note, whether or not such moneys were derived from the proceeds of the sale of the Note, or from any other source, will not be used in a manner which will cause the Note to be an "arbitrage bond" within the meaning of Section 148 of the Code and any lawful regulations promulgated thereunder, as the same presently exist or may from time to time hereafter be amended, supplemented or revised.

Section 10. Arbitrage Rebate. The Village certifies and covenants as follows with respect to the requirements of Section 148(f) of the Code, relating to the rebate of "excess arbitrage profits" (the "Rebate Requirement") to the United States:

A. Unless an applicable exception to the Rebate Requirement is available to the Village, the Village will meet the Rebate Requirement.

B. Relating to applicable exceptions, the Village Treasurer or the Mayor is hereby authorized to make such elections under the Code as either such officer shall deem reasonable and in the best interests of the Village. If such election may result in a "penalty in lieu of rebate" as provided in the Code, and such penalty is incurred (the "Penalty"), then the Village shall pay such Penalty.

C. The officers of the Village shall cause to be established at such time and in such manner as they may deem necessary or appropriate hereunder, a rebate fund, and such officers shall further, not less frequently than annually, cause to be transferred to the rebate fund the amount determined to be the accrued liability under the Rebate Requirement or the Penalty. Said officers shall cause to be paid to the United States, without further order or direction from the Mayor and Village Council, from time to time as required, amounts sufficient to meet the Rebate Requirement or to pay the Penalty.

Section 11. Further Tax Covenants. The Village covenants with the Purchaser that it

(i) will take those actions which are necessary to be taken (and avoid those actions which it is necessary to avoid taking) so that interest on the Note will not be or become included in gross income for federal income tax purposes under existing law including, without limitation, the Code;

(ii) will take those actions reasonably within its power to take which are necessary to be taken (and avoid taking those actions which are reasonably within its power to avoid taking and which it is necessary to avoid) so that interest on the Note will not be or become included in gross income for federal income tax purposes under the federal income tax laws as in effect from time to time; and

(iii) will take no action in the investment of the proceeds of the Note, the Tax Allocation Fund, or any other fund or account of the Village which would result in making interest on the Note subject to federal income taxes by reason of causing the Note to be an "arbitrage bond" within the meaning of Section 148 of the Code.

In furtherance of the foregoing provisions, but without limiting their generality, the Village agrees:

(a) through its officers, to make such further specific covenants, certifications and representations as shall be truthful, and assurances as may be necessary or advisable;

(b) to comply with all representations, covenants and assurances contained in certificates or agreements as may be prepared by counsel approving the Note;

(c) to consult with such counsel and to comply with such advice as may be given;

(d) to file such forms, statements and supporting documents as may be required and in a timely manner; and

(e) if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys and other persons to assist the Village in such compliance.

Section 12. Registered Form. The Village recognizes that Section 149(a) of The Code requires the Note to be issued and to remain in fully registered form in order that interest thereon is exempt from federal income taxation under laws in force at the time the Note is delivered. In this connection, the Village agrees that it will not take any action to permit the Note to be issued in, or converted into, bearer or coupon form.

Section 13. List of Owners. The Registrar shall maintain a list of the names and addresses of the registered owners from time to time of the Note and upon any transfer shall add the name and address of the new registered owner and eliminate the name and address of the transferor.

Section 14. Duties of Registrar. The obligations and duties of the Registrar hereunder shall be as follows:

(a) to act as registrar, paying agent and transfer agent as provided herein;

(b) to maintain a list of the registered owners from time to time of the Note as set forth herein and to furnish such list to the Village upon request, but otherwise to keep such list confidential; and

(c) to cancel and/or destroy the Note when it has been paid at maturity or upon earlier redemption or submitted for transfer.

Section 15. Provisions a Contract. The provisions of this Ordinance shall constitute a contract between the Village and the registered owners of the Note. All covenants relating to the Note are enforceable by the registered owners of the Note, any taxpayer of the Village and the People of the State of Illinois acting through the Attorney General or any designee.

Section 16. Additional Authority. The Mayor, the Village Treasurer, the Village Clerk and the other officers of the Village are authorized to execute and deliver on behalf of the Village such other documents, agreements and certificates and to do such other things consistent with the terms of this Ordinance as such officers and employees shall deem necessary or appropriate in order to effectuate the intent and purposes of this Ordinance.

Section 17. Superseder and Effective Date. All ordinances, resolutions and orders or parts of ordinances, resolutions and orders in conflict with this Ordinance are repealed to the extent of such conflict. The Village Clerk shall cause this Ordinance to be published in pamphlet form. The Ordinance shall be in full force and effect immediately upon passage, approval and publication.

PASSED: This 3rd day of April 2006

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

APPROVED by me this 3rd day of April 2006.



Mayor of the Village of Palatine

ATTESTED and FILED in the
Office of the Village Clerk this
3rd day of April 2006



Village Clerk

THIS OBLIGATION IS A LIMITED OBLIGATION OF THE VILLAGE AND MAY CONTAIN RISKS TO THE HOLDER. ANY PURCHASER, ASSIGNEE OR SUCCESSOR SHOULD CONSULT WITH SECURITIES COUNSEL AND CONDUCT DUE DILIGENCE PRIOR TO ACCEPTING THIS REDEVELOPMENT NOTE. ANY POTENTIAL PURCHASER SHOULD READ THIS ENTIRE REDEVELOPMENT NOTE AND UNDERSTAND ITS TERMS PRIOR TO ACCEPTING THIS REDEVELOPMENT NOTE.

**VILLAGE OF PALATINE, COOK COUNTY, ILLINOIS
LIMITED OBLIGATION REDEVELOPMENT NOTE
(BOTHWELL STREET PROPERTIES, LLC)
SERIES 2006-B**

\$190,000.00

April 3, 2006

FOR VALUE RECEIVED, THE VILLAGE OF PALATINE, COOK COUNTY, ILLINOIS (the "Village"), an Illinois municipal corporation and home rule unit of local government existing under the Constitution and laws of the State of Illinois, promises to pay to the order of **BOTHWELL STREET PROPERTIES, LLC**, or its legal successors and assigns (the "Payee"), the sum of one hundred ninety thousand dollars (\$190,000.00), subject to the terms and conditions set forth herein.

1. **Authority.** This Redevelopment Note is issued pursuant to the exercise of the Village's power and authority as a home rule municipality and pursuant to the Tax Increment Allocation Act of the State of Illinois (65 ILCS 511 1-74.4-1 et seq.), as amended (the "Act"), and pursuant to Village Ordinances No. 0-224-99, 0-225-99 and 0-226-99, adopted on December 13, 1999, and No. 0-12-00 adopted on January 24, 2000, (collectively, the "Authorizing Ordinances"). Pursuant to the Authorizing Ordinances, the

Village is issuing this Redevelopment Note for the purpose of paying for various eligible Redevelopment Project Costs in accordance with the Act and with the Redevelopment Agreement dated July 12, 2004, between the Village and Payee (the "Redevelopment Agreement"). The Village agrees to diligently defend (but not indemnify), at its sole cost and expense, with the full co-operation of Payee, any court action instituted by any party that challenges the Authorizing Ordinances or this Redevelopment Note. All terms used, but not defined, herein shall have the same meanings respectively given to them in the Authorizing Ordinances or (if not defined therein) in the Redevelopment Agreement.

2. **Security.** **THIS REDEVELOPMENT NOTE IS A LIMITED OBLIGATION OF THE VILLAGE AND IS NOT SECURED BY THE VILLAGE'S FULL FAITH AND CREDIT.** This Redevelopment Note is secured only by the special tax allocation fund comprised of Incremental Property Taxes (being the ad valorem taxes, if any, arising from the taxes levied upon the Subject Property, which taxes are attributable to the increases in the then-current equalized assessed valuation ("EAV") of the Subject Property, over and above the initial EAV of the Subject Property, all as determined by the Cook County Clerk pursuant to, and in accordance with, the Act, the Authorizing Ordinances and the Redevelopment Agreement). The Incremental Property Taxes received by the Village from the development of the Subject Property, as more specifically defined in the Authorizing Ordinances, are referred to herein as the "Limited Pledged Taxes". The Limited Pledged Taxes of the Subject Property shall be the sole security and source of repayment for this Redevelopment Note. Deposits of Limited Pledged Taxes into special allocation funds to pay this Redevelopment Note shall not be subject to any additional appropriation process of the Village, and the amounts deposited therein shall be disbursed in accordance with

this Redevelopment Note, the Redevelopment Agreement and the Authorizing Ordinances, all without further action by the Village.

3. **Terms.** The terms of this Redevelopment Note shall be:

a. **Principal.** The principal amount of this Redevelopment Note shall be **ONE HUNDRED NINETY THOUSAND AND NO/100'S DOLLARS (\$190,000.00).**

b. **Term.** The term of this Redevelopment Note shall expire on December 13, 2022, or such earlier date that the Downtown Redevelopment Project Area is terminated.

4. **Payment.** All payments hereunder shall be made in lawful currency of the United States, without setoff or demand, and mailed to the address of the Payee as set forth in the Redevelopment Agreement, or such other address of which Payee shall notify the Village in writing from time to time. Payments on this Note shall be made on or before the last business day in January for the Limited Pledged Taxes of the Subject Property received in the preceding year, subject to the Payee's submission by the first business day in January of copies of real estate tax bills with proof of payment thereof for taxes paid in the preceding year.

5. **Restriction of Transfer.** This Redevelopment Note has been issued pursuant to the Authorizing Ordinances, the Act and the Redevelopment Agreement. The Payee shall not pledge, assign, sell or otherwise transfer this Redevelopment Note without first giving the Village at least thirty (30) days' prior written notice of the intended transfer. Said notice shall contain the name, address and agent of the intended transferee, and the consideration being received therefore by transferor. Said notice shall also contain a

statement that the transfer will not violate any applicable federal or state laws and that this Redevelopment Note is subject to the limitations on transfer and assignment, as well as all other conditions, set forth in the Redevelopment Agreement between the Payee and the Village. The provisions of this Paragraph 5 shall be binding on Payee and all of its successors and assigns. Any proposed pledge, assignment or transfer shall be bound by Section 7.9 of the Redevelopment Agreement by and between the Parties dated July 12, 2004.

6. **Payee Waivers of Rights.** PAYEE, FOR ITSELF AND FOR ITS SUCCESSORS AND ASSIGNS, HEREBY ACKNOWLEDGES THAT PAYEE HAS RECEIVED THIS REDEVELOPMENT NOTE WITH NO REPRESENTATIONS OR WARRANTIES FROM THE VILLAGE REGARDING THE REDEVELOPMENT PROJECT, THE REDEVELOPMENT PROJECT AREA, THE PROJECTED AMOUNT OF THE LIMITED PLEDGED TAXES, THE LIKELIHOOD OF PAYMENT OF THIS REDEVELOPMENT NOTE, OR ANY OTHER MATTER REGARDING THE LIKELIHOOD OF PAYMENT OF THIS REDEVELOPMENT NOTE. THE VILLAGE HAS MADE NO ATTEMPT TO DISCLOSE ANY RISKS OR POTENTIAL RISKS WHICH MAY BE ASSOCIATED WITH THIS REDEVELOPMENT NOTE, AND PAYEE, UPON ACCEPTANCE OF THIS REDEVELOPMENT NOTE AND IN ADDITIONAL CONSIDERATION THEREOF, HEREBY WAIVES ANY RIGHTS TO ANY DISCLOSURES, REPRESENTATIONS OR WARRANTIES TO WHICH A BUYER OF SECURITIES WOULD TYPICALLY BE ENTITLED AS TO THE LIKELIHOOD OF REPAYMENT. PAYEE HEREBY REPRESENTS TO THE VILLAGE THAT PAYEE IS SOPHISTICATED IN MATTERS OF REAL ESTATE DEVELOPMENT, AND THAT PAYEE HAS CONDUCTED

ITS OWN DUE DILIGENCE INVESTIGATION OF THE RISKS ASSOCIATED WITH THIS REDEVELOPMENT NOTE.

PAYEE, FOR ITSELF AND FOR ITS SUCCESSORS AND ASSIGNS, FURTHER ACKNOWLEDGES THAT UPON ACCEPTANCE OF THIS REDEVELOPMENT NOTE, PAYEE SHALL BE ESTOPPED FROM RAISING ANY CLAIMS OR CHALLENGES TO THE VALIDITY OF THIS REDEVELOPMENT NOTE, THE VALIDITY OF THE FORMATION OF THE REDEVELOPMENT PROJECT AREA IN WHICH THE REDEVELOPMENT PROJECT IS LOCATED, AND ANY OTHER ACTIONS TAKEN BY THE VILLAGE OR ITS AGENTS IN RELATION TO THE REDEVELOPMENT PROJECT ON THE PROPERTY.

PAYEE AND EACH ASSIGNEE AND SUCCESSOR HAS FULLY READ THIS ENTIRE REDEVELOPMENT NOTE AND UNDERSTANDS ALL OF THE TERMS AND CONDITIONS CONTAINED HEREIN.

7. **No Recourse.** This Redevelopment Note and the obligation to pay the principal hereunder are limited obligations of the Village and are payable solely from the Limited Pledged Taxes generated from the Subject Property made available under the Authorizing Ordinances. This Redevelopment Note and the obligation to pay principal hereunder do not constitute an indebtedness of the Village within the meaning of any constitutional or statutory provision, and shall not constitute or give rise to a pecuniary liability of the Village or charge against its general credit or taxing power.

8. **Default.** Any failure of either party to comply with the terms of this Redevelopment Note within thirty (30) days after receipt of written notice from the other party specifying the nature and extent of the default, shall constitute an event of default

hereunder, and shall entitle the non-defaulting party to all rights and remedies available at law or in equity under applicable law.

9. **Notices.** All notices hereunder shall be in writing, and shall be properly given if delivered in person or by a nationally-recognized "overnight" courier service, with charges prepaid, and sent to the following addresses (or such other address as a party may, by proper notice, give to the other from time to time):

if to the Village:
Village of Palatine
Attn: Finance Director
200 East Wood Street
Palatine, Illinois, 60067

if to Payee:
Tom McCabe, Jr.
19 S Bothwell
Palatine, Illinois, 60067

Notices shall be deemed given upon delivery if personally delivered or, if given by courier, one business day after being deposited with such courier.

10. **Legal Fees and Costs.** In any proceeding instituted to collect any unpaid amounts due under this Redevelopment Note, or to enforce any term of this Redevelopment Note, the prevailing party shall be entitled to recover reasonable attorneys' fees and other costs of litigation from the other party.

11. **No Waiver.** No waiver on the part of Payee in exercising any right or option to demand payment hereunder shall operate as a waiver thereof or preclude the exercise thereof at any time during the continuance of an event of default.

12. **Governing Law.** This Redevelopment Note shall be governed by and construed by the laws of the State of Illinois.

13. **Waivers.** The Village hereby waives demand, presentment for payment, notice of dishonor and protest.

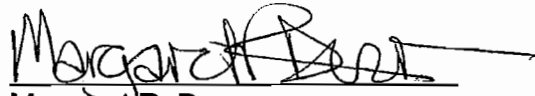
14. **Representation of the Village.** The Village hereby represents and declares that all acts, conditions and things necessary to happen, exist and be performed as conditions precedent to the valid execution and delivery of this Redevelopment Note have occurred as required by law, and that the issuance of this Redevelopment Note does not exceed or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Village of Palatine has caused this Redevelopment Note to be executed in its name and on its behalf by the signature of its Mayor, and its corporate seal to be affixed hereto and attested to by the Village Clerk.

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

By: 
Its: Rita L. Mullins
Mayor

ATTEST:


By: Margaret R. Duer
Its: Village Clerk

(S E A L)



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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION

The Honorable Mayor
Members of the Village Council
Village of Palatine, Illinois

We have audited the accompanying balance sheet of the Dundee Road and Rand/Dundee Downtown and Rand Road Corridor Tax Increment Financing District Funds of the Village of Palatine, Illinois as of December 31, 2006 and the related statements of revenues, expenditures, and changes in fund balance for the year then ended. These financial statements are the responsibility of the Village of Palatine, Illinois' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimated made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying financial statements present only the Dundee Road and Rand/Dundee Downtown and Rand Road Corridor Tax Increment Financing District Funds 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 financial position of the Dundee Road and Rand/Dundee Downtown and Rand Road Corridor Tax Increment Financing District Funds of the Village of Palatine, Illinois as of December 31, 2006 and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Aurora, Illinois
June 12, 2007

A handwritten signature in black ink that reads 'Sikich LLP'. The signature is written in a cursive, flowing style.

VILLAGE OF PALATINE, ILLINOIS

TAX INCREMENT FINANCING DISTRICTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

For the Year Ended
December 31, 2006

	Dundee Road and Rand/Dundee TIF	Downtown TIF	Rand Road Corridor TIF
REVENUES AND OTHER FINANCING SOURCES			
Property Taxes			
Rand/Dundee TIF	\$ 3,344,324	\$ -	\$ -
Downtown TIF	-	3,774,970	-
Rand Road Corridor TIF	-	-	2,414,682
Bond Proceeds	337,100	190,000	3,500,000
Investment Income	427,912	19,839	92,324
Miscellaneous	-	23,608	-
Total Revenues	4,109,336	4,008,417	6,007,006
EXPENDITURES			
Miscellaneous	-	32,054	-
Capital Outlay			
Economic Development	337,100	5,350,385	3,539,680
Debt Service			
Principal	1,000,000	1,355,018	662,553
Interest and Fiscal Charges	771,445	1,752,283	290,611
Total Expenditures	2,108,545	8,489,740	4,492,844
NET CHANGES IN FUND BALANCES	2,000,791	(4,481,323)	1,514,162
FUND BALANCES, JANUARY 1	8,336,894	3,749,848	3,661,519
FUND BALANCES, DECEMBER 31	\$ 10,337,685	\$ (731,475)	\$ 5,175,681

(See independent auditor's report.)

VILLAGE OF PALATINE, ILLINOIS
TAX INCREMENT FINANCING DISTRICTS FUNDS
SCHEDULE OF FUND BALANCES BY SOURCE

For the Year Ended
December 31, 2006

	Dundee Road and Rand/Dundee TIF	Downtown TIF	Rand Road Corridor TIF
BEGINNING BALANCES, JANUARY 1, 2006	\$ 8,336,894	\$ 3,749,848	\$ 3,661,519
ADDITIONS			
Property Taxes			
Dundee Road TIF	3,344,324	-	-
Downtown TIF	-	3,774,970	-
Rand Road Corridor TIF	-	-	2,414,682
Bond Proceeds	337,100	190,000	3,500,000
Investment Income	427,912	19,839	92,324
Miscellaneous	-	23,608	-
Total Additions	4,109,336	4,008,417	6,007,006
Beginning Balances Plus Additions	12,446,230	7,758,265	9,668,525
DEDUCTIONS			
Economic Development			
Project Expenses	337,100	5,350,385	3,539,680
Debt Service			
Principal	1,000,000	1,355,018	662,553
Interest and Fiscal Charges	771,445	1,752,283	290,611
Miscellaneous	-	32,054	-
Total Deductions	2,108,545	8,489,740	4,492,844
ENDING BALANCES, DECEMBER 31, 2006	\$ 10,337,685	\$ (731,475)	\$ 5,175,681
ENDING BALANCES BY SOURCE			
Property Taxes	\$ 7,387,102	\$ -	\$ 5,059,900
Investment Income	2,950,583	-	115,781
Proceeds from Land Held for Resale	-	(731,475)	-
Subtotal	10,337,685	(731,475)	5,175,681
Less Surplus Funds	-	-	-
ENDING BALANCES, DECEMBER 31, 2006	\$ 10,337,685	\$ (731,475)	\$ 5,175,681

(See independent auditor's report.)



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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, 2006, and have issued our report thereon dated April 20, 2007. These financial statements are the responsibility of the Village of Palatine, Illinois' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We 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, 2006, for the Dundee Road Tax Increment Financing District, Rand/Dundee Tax Increment Financing District, Downtown Tax Increment Financing District, and the Rand Road Corridor Tax Increment Financing District. 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, 2006, for the Dundee Road Tax Increment Financing District, Rand/Dundee Tax Increment Financing District, Downtown Tax Increment Financing District, and the Rand Road Corridor Tax Increment Financing District.

A handwritten signature in black ink that reads 'Sikich CP'. The signature is written in a cursive, flowing style.

Aurora, Illinois
June 12, 2007