



**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: 2008  
Fiscal Year End: 12/31/2008

**TIF Administrator/Contact Information:**

First Name:	<b>Reid</b>	Last Name:	<b>Ottesen</b>
Address:	<b>200 E. Wood Street</b>	Title:	<b>Village Manager</b>
Telephone:	<b>(847) 359-9050</b>	City:	<b>Palatine</b>
E-Mail:	<b>rottesen@palatine.il.us</b>	Zip:	<b>60067</b>

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

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**

\*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.]**

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

	<b>No</b>	<b>Yes</b>
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)] <b>If yes, please enclose the amendment labeled Attachment A</b>	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)] <b>Please enclose the CEO Certification labeled Attachment B</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)] <b>Please enclose the Legal Counsel Opinion labeled Attachment C</b>		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)] <b>If yes, please enclose the Activities Statement labeled Attachment D</b>		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)] <b>If yes, please enclose the Agreement(s) labeled Attachment E</b>		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)] <b>If yes, please enclose the Additional Information labeled Attachment F</b>	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)] <b>If yes, please enclose the contract(s) or description of the contract(s) labeled Attachment G</b>		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)] <b>If yes, please enclose the Joint Review Board Report labeled Attachment H</b>	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)] <b>If yes, please enclose the Official Statement labeled Attachment I</b>		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)] <b>If yes, please enclose the Analysis labeled Attachment J</b>		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) <b>If yes, please enclose Audited financial statements of the special tax allocation fund labeled Attachment K</b>		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) <b>If yes, please enclose a certified letter statement reviewing compliance with the Act labeled Attachment L</b>		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.**

	<b>Reporting Year</b>	<b>Cumulative</b>
Fund Balance at Beginning of Reporting Period	\$ 6,641,162.00	

**Revenue/Cash Receipts Deposited in Fund During Reporting FY:**

	\$	\$	<b>% of Total</b>
Property Tax Increment	5,612,469	19,415,358	28%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	125,653	882,825	1%
Land/Building Sale Proceeds		1,252,260	2%
Bond Proceeds		46,125,866	67%
Transfers from Municipal Sources	41,920	924,488	1%
Private Sources			0%
Other (identify source _____; if multiple other sources, attach schedule)			0%

**Total Amount Deposited in Special Tax Allocation****Fund During Reporting Period** \$ 5,780,042**Cumulative Total Revenues/Cash Receipts** \$ 68,600,797 100%**Total Expenditures/Cash Disbursements** (Carried forward from Section 3) \$ 7,524,054.00**Distribution of Surplus** \$ -**Total Expenditures/Disbursements** \$ 7,524,054**NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENT** \$ (1,744,012)**FUND BALANCE, END OF REPORTING PERIOD** \$ 4,897,150

- 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)]**

		<b>Reporting Fiscal Year</b>
1. Costs of studies, administration and professional services—Subsections (q)(1) and (o) (1)		
Legal Fees	15,268	
Office Supplies	129	
Professional Services	122,415	
Materials	36,789	
Utilities	6,149	
		\$ 180,750
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	15,455	
Land Acquisition (Reimbursement)	1,936,736	
Site Development	66,094	
		\$ 2,018,285
4. Costs of rehabilitation, reconstruction, repair or remodeling and replacement of existing public buildings. Subsection (q)(3) and (o)(4)		
Rehabilitation, Reconstruction and Repairs	30,236	
		\$ 30,236
5. Costs of construction of public works and improvements. Subsection (q)(4) and (o)(5)		
Infrastructure Improvements (streets, watermains, etc.)	546,011	
		\$ 546,011





## Section 3.2 B

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

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

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

\$ 4,897,150

	<b>Amount of Original Issuance</b>	<b>Amount Designated</b>
<b>1. Description of Debt Obligations</b>		
General Obligation Bond Series of 2001	\$ 14,565,000	\$ 14,565,000
General Obligation Bond Taxable Series of 2001	\$ 3,205,000	\$ 730,000
General Obligation Bond Taxable Series of 2003	\$ 2,975,000	\$ 1,615,000
General Obligation Bond Tax Increment Series of 2003	\$ 990,000	\$ 586,914
General Obligation Bond Series of 2004	\$ 1,900,000	\$ 1,450,000
General Obligation Bond Taxable Series of 2004A	\$ 7,500,000	\$ 6,560,000
General Obligation Bond Series of 2004D	\$ 5,080,000	\$ 4,935,000
General Obligation Bond Series of 2007A	\$ 365,000	\$ 365,000
General Obligation Bond Series of 2007B	\$ 7,335,000	\$ 6,995,000
<b>Total Amount Designated for Obligations</b>	<b>\$ 43,915,000</b>	<b>\$ 37,801,914</b>
<b>2. Description of Project Costs to be Paid</b>		
<b>Total Amount Designated for Project Costs</b>	<b>\$ -</b>	<b>\$ -</b>

**TOTAL AMOUNT DESIGNATED** \$ 37,801,914**SURPLUS\*/(DEFICIT)** \$ (32,904,764)

\* 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.

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

**Property Acquired by the Municipality Within the Redevelopment Project Area**

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

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

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

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

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

Please include a brief description of each project.

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

11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Estimated Cost of the Total Project
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<b>TOTAL:</b>			
Private Investment Undertaken (See Instructions)	\$ 284,255,000	\$ -	\$ 304,257,500
Public Investment Undertaken	\$ 56,333,214	\$ 3,745,000	\$ 60,605,836
Ratio of Private/Public Investment	5.05		5.02
<b>Project 1: General Development</b>			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 2,298,628	\$ 75,000	\$ 2,373,628
Ratio of Private/Public Investment	0.00		0.00
<b>Project 2: Wellington Court</b>			
Private Investment Undertaken (See Instructions)	\$ 6,000,000	\$ -	\$ 6,000,000
Public Investment Undertaken	\$ 400,000	\$ -	\$ 400,000
Ratio of Private/Public Investment	15.00		15.00
<b>Project 3: Downtown Traffic Study</b>			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 72,024	\$ -	\$ 72,024
Ratio of Private/Public Investment	0.00		0.00
<b>Project 4: Groves of Palatine</b>			
Private Investment Undertaken (See Instructions)	\$ 98,000,000	\$ -	\$ 98,000,000
Public Investment Undertaken	\$ 3,976,850	\$ -	\$ 3,976,850
Ratio of Private/Public Investment	24.64		24.64
<b>Project 5: Gateway Center</b>			
Private Investment Undertaken (See Instructions)	\$ 18,000,000	\$ -	\$ 18,000,000
Public Investment Undertaken	\$ 18,273,000	\$ -	\$ 18,273,000
Ratio of Private/Public Investment	0.99		0.99
<b>Project 6: Wood Street Watermain</b>			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 251,200	\$ -	\$ 251,200
Ratio of Private/Public Investment	0.00		0.00
<b>Project 7: Downtown Streetscape</b>			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 1,321,201	\$ -	\$ 1,321,201
Ratio of Private/Public Investment	0.00		0.00

<b>Project 8: Street Improvements</b>			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 1,467,000	\$ 1,620,000	\$ 3,087,000
Ratio of Private/Public Investment	0.00		0.00
<b>Project 9: Hummel Bldg (Block 19)</b>			
Private Investment Undertaken (See Instructions)	\$ 6,000,000	\$ -	\$ 6,000,000
Public Investment Undertaken	\$ 1,732,013	\$ -	\$ 1,732,013
Ratio of Private/Public Investment	3.46		3.46
<b>Project 10: Providence (Block 31)</b>			
Private Investment Undertaken (See Instructions)	\$ 42,000,000	\$ -	\$ 42,000,000
Public Investment Undertaken	\$ 9,349,933	\$ -	\$ 9,349,933
Ratio of Private/Public Investment	4.49		4.49
<b>Project 11: Palatine Station - Toll Brothers</b>			
Private Investment Undertaken (See Instructions)	\$ 35,000,000	\$ -	\$ 35,000,000
Public Investment Undertaken	\$ 164,831	\$ -	\$ 164,831
Ratio of Private/Public Investment	212.34		212.34
<b>Project 12: Brownstones Phase 1 - Hummel</b>			
Private Investment Undertaken (See Instructions)	\$ 4,000,000	\$ -	\$ 4,000,000
Public Investment Undertaken	\$ 1,374,300	\$ -	\$ 1,374,300
Ratio of Private/Public Investment	2.91		2.91
<b>Project 13: Palatine Place (Block 27)</b>			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 5,501,393	\$ -	\$ 5,501,393
Ratio of Private/Public Investment	0.00		0.00
<b>Project 14: Brownstones Phase 2 - Hummel</b>			
Private Investment Undertaken (See Instructions)	\$ 5,000,000	\$ -	\$ 5,000,000
Public Investment Undertaken	\$ 900,000	\$ -	\$ 900,000
Ratio of Private/Public Investment	5.56		5.56
<b>Project 15: Downtown Infrastructure</b>			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 234,000	\$ -	\$ 234,000
Ratio of Private/Public Investment	0.00		0.00

<b>Project 16: Benchmark</b>				
Private Investment Undertaken (See Instructions)	\$ 21,000,000	\$ -	\$ 21,000,000	
Public Investment Undertaken	\$ 2,098,500	\$ -	\$ 2,098,500	
Ratio of Private/Public Investment	10.01			10.01
<b>Project 17: Preserves of Palatine</b>				
Private Investment Undertaken (See Instructions)	\$ 30,000,000	\$ -	\$ 30,000,000	
Public Investment Undertaken	\$ 2,089,963	\$ -	\$ 2,089,963	
Ratio of Private/Public Investment	14.35			14.35
<b>Project 18: Metropolitan</b>				
Private Investment Undertaken (See Instructions)	\$ 13,000,000	\$ -	\$ 13,000,000	
Public Investment Undertaken	\$ 1,952,000	\$ -	\$ 1,952,000	
Ratio of Private/Public Investment	6.66			6.66
<b>Project 19: Music Room</b>				
Private Investment Undertaken (See Instructions)	\$ 1,000,000	\$ -	\$ 1,000,000	
Public Investment Undertaken	\$ 125,000	\$ -	\$ 125,000	
Ratio of Private/Public Investment	8.00			8.00
<b>Project 20: 19 South Bothwell</b>				
Private Investment Undertaken (See Instructions)	\$ 675,000	\$ -	\$ 675,000	
Public Investment Undertaken	\$ 190,000	\$ -	\$ 190,000	
Ratio of Private/Public Investment	3.55			3.55
<b>Project 21: Lamplighters</b>				
Private Investment Undertaken (See Instructions)	\$ 1,000,000	\$ -	\$ 1,000,000	
Public Investment Undertaken	\$ 302,000	\$ -	\$ 302,000	
Ratio of Private/Public Investment	3.31			3.31
<b>Project 22: Mexico Uno</b>				
Private Investment Undertaken (See Instructions)	\$ 580,000	\$ -	\$ 580,000	
Public Investment Undertaken	\$ 482,000	\$ -	\$ 482,000	
Ratio of Private/Public Investment	1.20			1.20
<b>Project 23: 4 North Plum Grove Road</b>				
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -	
Public Investment Undertaken	\$ 301,500	\$ -	\$ -	
Ratio of Private/Public Investment	0.00			0.00
<b>Project 24: Stratford</b>				
Private Investment Undertaken (See Instructions)	\$ 3,000,000	\$ -	\$ 7,000,000	
Public Investment Undertaken	\$ 530,000	\$ -	\$ 900,000	
Ratio of Private/Public Investment	5.66			7.78

**Project 25: Heritage (Smith St Condo/Brownstones)**

Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ 16,000,000
Public Investment Undertaken	\$ 850,175	\$ 550,000	\$ 2,000,000
Ratio of Private/Public Investment	0.00		8.00

**Project 26: Palatine Road Construction**

Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 85,703	\$ 1,500,000	\$ 1,455,000
Ratio of Private/Public Investment	0.00		0.00

**Project 27: Mint Julep**

Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ 2,500
Public Investment Undertaken	\$ 10,000	\$ -	\$ -
Ratio of Private/Public Investment	0.00		0.00

**Project 28: Harris/Divito Acquisition**

Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ -	\$ 5,500,000	\$ 5,500,000
Ratio of Private/Public Investment	0.00		0.00

**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

## Reporting Fiscal Year

EAV

1999	\$ 23,256,863	\$ 101,890,955
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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
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## 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:

11. *What is the primary purpose of the following statement?*

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

## CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER

I, James W. Schwantz, the duly elected Mayor and Chief Executive Officer of the Village of Palatine, County of Cook, State of Illinois, do hereby certify that to the best of my knowledge, the Village complied with the requirements pertaining to the Illinois Tax Increment Redevelopment Allocation Act during the fiscal year beginning January 1, 2008 and ending December 31, 2008.



James W. Schwantz  
Mayor



Date

## CERTIFICATION BY THE VILLAGE ATTORNEY

This will confirm that I am the duly appointed Village Attorney of the Village of Palatine, County of Cook, State of Illinois. I have reviewed all information provided to me by the Village of Palatine staff and consultants. I find that the Village has conformed to all the applicable requirements of the Illinois Tax Increment Redevelopment Allocation Act set forth thereunder for the fiscal year beginning January 1, 2008 and ending December 31, 2008, to the best of my knowledge and belief.

Robert C. Kenny  
Robert C. Kenny  
Village Attorney

7/7/09  
Date

## **Activities Undertaken in Furtherance of the Objectives of the Redevelopment Plan**

Authorized the Village Manager to execute an amended and restated redevelopment agreement between the Village of Palatine and Focus Development Incorporated for the properties located at 124 N. Brockway, 35 & 55 W. Wood Street and 36, 44, 56 & 58 W. Wilson Street (the Palatine Place Development).

Authorized the Mayor to execute first and second amendments to the redevelopment agreement and the first amendment to redevelopment agreement between the Village of Palatine and R. Fraczak and Associates, Inc. for the property in downtown Palatine (the Heritage Condominium and Brownstone Development).

Authorized the Mayor to execute the first amendment to the redevelopment agreement for Mint Julep Bistro for 53 & 55 W Slade Street.

Authorized the Mayor to execute a redevelopment agreement between the Village of Palatine and FSKS Properties LLC for property in downtown Palatine, 35 W. Slade Street.

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

Continued development of streetscape/railwalk for commuter/shopper traffic.



Doc#: 0805955032 Fee: \$246.00  
Eugene "Gene" Moore  
Cook County Recorder of Deeds  
Date: 02/28/2008 10:05 AM Pg: 1 of 112

**ORDINANCE NO. 0-11-08**

**AN ORDINANCE AUTHORIZING THE VILLAGE MANAGER TO EXECUTE  
AN AMENDED AND RESTATED REDEVEOPMENT AGREEMENT BETWEEN  
THE VILLAGE OF PALATINE AND FOCUS DEVELOPMENT INCORPORATED  
FOR THE PROPERTIES LOCATED AT  
124 N. BROCKWAY, 35 & 55 W. WOOD STREET AND  
36, 44, 56 & 58 W. WILSON STREET (BLOCK 27)  
THE PALATINE PLACE DEVELOPMENT**

PINS: 02-15-414-002  
02-15-414-004  
02-15-414-007--013

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 January 14, 2008**

ORDINANCE NO. 0-11-08

**AN ORDINANCE AUTHORIZING THE VILLAGE MANAGER TO EXECUTE  
AN AMENDED AND RESTATED REDEVELOPMENT AGREEMENT BETWEEN THE  
VILLAGE OF PALATINE AND FOCUS DEVELOPMENT INCORPORATED  
FOR THE PROPERTIES LOCATED AT  
123 N. BROCKWAY, 35 & 55 W. WOOD STREET AND  
36, 44, 56 & 58 W. WILSON STREET (BLOCK 27)  
(THE PALATINE PLACE 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 of Ordinances Nos. 0-224-99, 0-225-99 and 0-226-99 of the Village of Palatine, Cook County, Illinois; and**

**WHEREAS, on April 16, 2007 the Mayor and Village Council approved Ordinance #0-52-07 authorizing the Village Manager to execute a Redevelopment Agreement with Focus Development Incorporated for the properties at 123 N. Brockway Street, 35 & 55 W. Wood Street, and 36, 44, 56 & 58 W. Wilson Street; and**

Whereas on June 18, 2007 the Mayor and Village Council approved Ordinance #0-106-07 authorizing the Village Manager to execute a First Amendment to the Redevelopment Agreement; and

Whereas the Village and Developer desire to amend and restate the Original Redevelopment Agreement as amended by the First Amendment to the Redevelopment Agreement so as to replace in their entirety the Redevelopment Agreement and First Amendment to the Redevelopment Agreement; and

Whereas the Amended and Restated Redevelopment Agreement was considered by the Mayor and Village Council on January 14, 2008 and the Mayor and Village Council have determined that entering into the Amended and Restated Redevelopment Agreement, which replaces in their entirety and renders void the Redevelopment Agreement and First Amendment to the Redevelopment Agreement, is in the best interest of the Village of Palatine; and

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

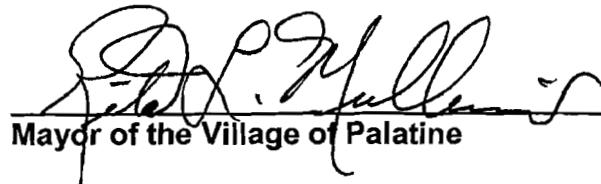
**SECTION 1:** The Village of Palatine hereby authorizes the Village Manager to execute an Amended and Restated Redevelopment Agreement that substantially conforms to Exhibit "A" attached hereto, pursuant to the Tax Increment Financing Act, Section 65 ILCS 5/11-74/4-4(c) and authorizes the Village Manager 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 14 day of January, 2008

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

APPROVED by me this 14 day of January, 2008

  
Peter J. Muller  
Mayor of the Village of Palatine

ATTESTED and FILED in the office of the Village Clerk this 14 day of  
January, 2008

  
Margaret R. Doer  
Village Clerk

AMENDED AND RESTATED

REDEVELOPMENT AGREEMENT

RE: Block 27

THIS AMENDED AND RESTATED REDEVELOPMENT AGREEMENT (this "Agreement"), is made and entered into as of the 4 <sup>February 2008</sup> day of January, 2008 ("Agreement Date") by and between the VILLAGE OF PALATINE, ILLINOIS, an Illinois municipal home rule corporation, located in Cook County, Illinois ("Village"), and FOCUS DEVELOPMENT, INC., an Illinois corporation ("Developer"). (Village and Developer are sometimes referred to individually as a "Party" and collectively as the "Parties").

RECITALS

WHEREAS, Village and Developer entered into a certain Redevelopment Agreement dated as of April 16, 2007 ("Original RDA"), pursuant to Village Ordinance No. 0-52-07, dated April 19, 2007 ("Original RDA Ordinance"). The Original RDA was amended pursuant to a certain First Amendment to Redevelopment Agreement dated as of June 13, 2007 ("First Amendment"), pursuant to Village Ordinance No. 0-106-07, dated June 18, 2007 ("First Amendment Ordinance").

WHEREAS, Village and Developer desire to amend and restate the Original RDA, as amended by the First Amendment to, among other things, (i) incorporate the terms of the First Amendment, (ii) make technical corrections and (iii) revise certain terms and dates to reflect the anticipated development of the Project, and, in particular, the Phase I Project.

WHEREAS, 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, Village has the authority, pursuant to the laws of the State of Illinois, to promote the health, safety and welfare of 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 Village, foster increased economic activity within Village, to increase employment opportunities within 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 Village; and

**WHEREAS**, 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**, Village, on June 14, 1999 adopted an Inducement Resolution relating to the proposed redevelopment of the downtown area of Palatine (hereinafter "Downtown" or the "Entire Redevelopment Project Area"); and

**WHEREAS**, Village authorized the preparation of a report entitled Redevelopment Plan and Project by Kane, McKenna and Associates, Inc, dated September 1999 (the "Redevelopment Plan") concerning the redevelopment of the Downtown; and

**WHEREAS**, in accordance with the Act, Village conducted a public hearing with respect to the Redevelopment Plan and the redevelopment of the Downtown at a meeting of Village Mayor and Village Council (the "Corporate Authorities") held on December 13, 1999; and

**WHEREAS**, as part of the study of the redevelopment of the Downtown, Village found that the improvements in the Downtown suffer from the following factors: age, obsolescence, depreciation of physical maintenance, deterioration, inadequate utilities, excessive vacancies, deleterious land use or layout, excessive land coverage and lack of community planning; and

**WHEREAS**, to stimulate and induce redevelopment in the Downtown pursuant to the Act, 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";
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 Scrivener's Errors in the Legal Description Attached as Exhibit A to Ordinance Nos. O-224-99, O-225-99 and O-226-99, of Village of Palatine, Cook County, Illinois, Downtown Redevelopment; and

**WHEREAS**, Developer represents and warrants to Village that Developer, and its principals, are skilled in the development and operation of mixed use commercial and retail 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**, Developer desires to own and redevelop the Property; and

**WHEREAS**, on October 10, 2005, Village approved and authorized the release of a Request for Proposals, inviting experienced and qualified developers to submit redevelopment proposals for the Property; and

**WHEREAS**, Developer and others submitted responses to the RFP, and on June 5, 2006, Village directed Village staff to negotiate a redevelopment agreement with Developer for the redevelopment of the Property; and

WHEREAS, Developer filed an application to construct a mixed use commercial and residential development on the Phase 1 Property (the "Phase I Project" as defined in Article 2 or the "Planned Development"); and

WHEREAS, on April 16, 2007, the Village adopted Ordinances 0-50-07 and 0-51-07, which granted Planned Development approval and zoned the Phase 1 Property (as defined in Article 2) "P", thereby granting zoning approval for the Phase 1 Project as defined in Article 2; and

WHEREAS, it is necessary for the successful completion of the Project that 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 Village, which Village is willing to provide under the terms and conditions contained herein; and

WHEREAS, Village has determined that it may be desirable and in Village's best interests to assist Developer through the sale of bonds and in the manner set forth herein and as this Agreement may be supplemented and amended; and

WHEREAS, this Agreement has been submitted to the Corporate Authorities of 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 Village according to the terms hereof, and any and all actions of the Corporate Authorities of 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 corporate officers and directors of Developer for consideration and review, the corporate officers and directors have taken all actions required to be taken prior to the execution of this Agreement in order to make the same binding

upon Developer according to the terms hereof, and any and all action of Developer's corporate officers and 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 and amend and restate 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 Village and of 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.

**"Bond Ordinance"** means an ordinance, if any, enacted by Village authorizing the issuance of Bonds, from time to time, in one or more series and in accordance with this Agreement and on such other terms as are acceptable to Village, in its sole discretion.

**"Bonds"** means Tax Increment General Obligation Bonds, which may be issued in accordance with the Bond Ordinance to provide net proceeds in amounts sufficient to pay the costs to be incurred by Village in fulfillment of its responsibilities in this Agreement.

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

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

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

**"Closing Date"** means, respectively, the dates on which Developer is to acquire title to the Phase I Property (the "Phase I Closing Date") and on which Developer is to acquire title to the Phase II Residential Property (the "Phase II Closing Date").

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

**"Day"** means a calendar day.

**"Developer"** means Focus Development, Inc., an Illinois corporation, or any successor in interest thereof permitted pursuant to **Section 10.11 or Section 18.12** hereof. Developer is referred to as "Purchaser" in Article Fifteen.

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

**"Focus Development, Inc."** means Developer under this Agreement.

**"Off-Site Improvements"** means (i) those certain off-site improvements to be constructed by Developer at its sole cost and expense specifically set forth as such on **Exhibit "I"** attached hereto, (ii) the landscape Plans pursuant to the Landscape Plan attached as **Exhibit "K"** and (iii) other improvements which are not included within **Exhibit "F"** or **Exhibit "K"**, but which are indicated on the final engineering plans to be approved by the Village. Costs for Off-Site Improvements shall be permitted reimbursements to Developer as a TIF Eligible Expense, as permitted under the Act subject to Section 8.9

**"Party"** means 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.

**"Phase I Project"** means the development, construction, financing, completion and operation of a mixed use retail and residential building, containing (i) approximately 11,400 square feet of retail floor space, (ii) approximately 187,660 square feet of residential condominium floor space comprising approximately 109 residential units and common areas, and (iii) approximately 65,140 square feet of underground parking consisting of approximately 159 residential vehicular parking spaces, approximately 36,480 square feet of at-grade parking consisting of approximately 30 residential vehicular parking spaces and 39 public and retail vehicular parking spaces and approximately 13 on street surface parking spaces, all in accordance with the Final Plans prepared by OKW Architects and pursuant to the Planned Development ordinance and attached as Exhibit "A".

**"Phase I Property"** means the approximately 69,760.50 square foot parcel of land as that parcel is legally described on Exhibit "B", upon which the Phase I Project will be implemented. The Phase I Property includes the land comprised of the properties previously known as the Mia Cucina property, the Brockway/Wood corner properties, the Covello property, and the Mission Juan Diego property, all bounded by Wood Street on the north, Brockway Street on the west, Bothwell Street on the east and Wilson Street on the south.

**"Phase II Parking Garage Project"** means the development, construction, financing and completion of a three-level public parking garage containing approximately 96,000 square feet of public parking with approximately 290 parking stalls, all in accordance with the Final Plans

prepared by OKW Architects and pursuant to the final Planned Development ordinance at such time as it is adopted.

"Phase II Parking Garage Property" means the approximately 34,968.50 square foot parcel of land as that parcel is legally described on Exhibit "C", upon which the Phase II Parking Garage Project will be implemented. The Phase II Parking Garage Property includes approximately the west half of the block east of Bothwell Street, commonly known as the Immanuel Lutheran Property, bounded by Wood Street on the north and Wilson Street on the south.

"Phase II Project" means the Phase II Residential Project and the Phase II Parking Garage Project.

"Phase II Residential Project" means the development, construction, financing, completion and operation of a residential building, containing (i) approximately 28,880 square feet of residential condominium floor space comprising 10 residential units, and (ii) approximately 13,610 square feet of parking consisting of approximately 28 residential vehicular parking spaces below grade, all in accordance with the Final Planned Development ordinance at such time as it is adopted.

"Phase II Residential Property" means the approximately 17,477.40 square foot parcel of land as that parcel is legally described on Exhibit "D", comprised of the vacated Bothwell Street right of way on the east bounded by Wood Street on the north and Wilson Street on the south and such vacation shall include all Village utilities and Village rights to maintain utilities.

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

"Project" means the Phase I Project and the Phase II Project.

"Property" means the Phase I Property, the Phase II Parking Garage Property and the Phase II Residential Property.

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

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

**"Repurchase Closing Date"** means the date Village takes title to the Property pursuant to the provisions of Section 7.4.

**"Sales Center"** means the approximately 2,000 square feet of space located at the northeast corner of Bothwell Street and Palatine Road, Palatine, Illinois leased by Developer and built out at Developer's expense for purposes of Project related sales.

**"Shell and Core"** means that portion of the building's construction which fully encloses the interior space in a weather tight fashion, including the completion of the roofing, wall sheathing, and window and door installation, but not including completion of the masonry or decorative elements of the building's exterior.

**"State"** means the State of Illinois.

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

**"TIF Ordinances"** means Ordinances No.'s O-224-99, O-225-99 and O-226-99 all adopted by Village on December 13, 1999, and Ordinance O-12-00 adopted on January 24, 2000, as described in the Recitals to this Agreement.

**"Uncontrollable Circumstance"** means any event, prior to completion of construction which impacts the construction of the Project, which:

- (a) is beyond the reasonable control of and without the fault of the Party relying thereon; and
- (b) is one or more of the following events:
  - (i) a change in law;

- (ii) insurrection, riot, civil disturbance, sabotage, act of the public enemy, explosion, nuclear incident, war or naval blockade;
- (iii) epidemic, hurricane, tornado, landslide, earthquake, lightning, fire, windstorm, flood, other extraordinary weather conditions or other similar Act of God;
- (iv) governmental condemnation or taking other than by Village;
- (v) strikes or labor disputes, other than those caused by the acts of Developer; and
- (vi) a shortage of materials not attributable to 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 such contractor).

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

"Village Engineer" means the person so designated by the Village Manager as the Village Engineer.

### 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 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 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 Village and with the effect of binding 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 Village as having been properly and legally given by 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 Tim Anderson as its authorized representative who shall individually have the power and authority to make or grant or do all things, supplemental agreements, certificates, requests, demands, approvals, consents, notices and other actions required or described in this Agreement for and on behalf of Developer and with the effect of binding Developer in that connection (such individual being an "Authorized Developer Representative"). Developer shall have the right to change its authorized Developer Representative by providing Village with written notice of such change which notice shall be sent in accordance with Section 18.2.

#### ARTICLE FOUR

##### IMPLEMENTATION OF PROJECT

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

#### ARTICLE FIVE

##### DESIGNATION OF DEVELOPER

Village hereby designates Developer as the exclusive developer for the Property, subject to Village adopting a Planned Development ordinance authorizing the construction of the respective

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

## ARTICLE SIX

### DEVELOPER'S ACCESS TO THE PROPERTY

Developer's rights to access those portions of the Property owned by Village as of the date of this Agreement (as well as any portions of the Property acquired by Village subsequent to the date of this Agreement) for preparation of Developer's desired due diligence, soil tests, demolition, a land survey and topographical survey, and other required site preparation work has been set forth in a separate document entitled "License Agreement" by and between Village and Developer (the "License Agreement") as previously executed December 21, 2006 and which is attached as Exhibit "G". The Parties acknowledge that Developer shall not demolish the Mia Cuccina property located at 56 W. Wilson Street unless and until the Developer closes on the Phase 1 Property, however Developer shall commence demolition of the home located on the Covello Property and the church located on the Church Property and the other Initial Demolition Work (defined in Section 9.19 below) no later than February 15, 2008, and shall complete Initial Demolition Work no later than March 31, 2008. Developer shall be reimbursed by Village the costs of the Initial Demolition Work as provided in Section 9.19 hereof.

## ARTICLE SEVEN

### ACQUISITION OF THE PROPERTY

7.1 **Acquisition of Village Owned Property by Developer.** Village shall transfer title to those portions of the Phase I Property owned by Village to Developer subsequent to the full execution of this Agreement, upon compliance with all applicable provisions of this Agreement, upon Developer providing the Village with proof that Developer has obtained a completely executed financing commitment in an amount deemed sufficient by the Village to complete the Phase I Project, and upon issuance of the initial building permit for the Phase I Project (subject to the Metropolitan Water Reclamation District permit, if said permit is conditioned upon Developer having actual title to the Phase 1 Property.)

In the event that Developer is not able to obtain a completely executed financing commitment to complete the Phase I Project and start construction on the foundation of the building by May 30, 2008 ("Termination Date"), then the Developer shall have the right to extend, in monthly increments, in monthly increments, the Termination Date to obtain its financing and start the foundation construction to no later than September 30, 2008 ("Extension Period"). In order to extend, in monthly increments, the date to obtain a completely executed financing commitment and start construction on the foundation of the building to no later than September 30, 2008, Developer shall provide to Village thirty (30) days prior written notice of Developer's intent to extend the Termination Date from May 30, 2008 to June 30 2008. Subsequent to the first Extension Period, Developer shall provide fifteen (15) days written notice of Developer's intent to obtain subsequent monthly Extensions. In addition to said notices of extension, Developer shall, prior to May 30, 2008 (and prior to the last business day of each of the following months), pay to the Village Fifteen Thousand (\$15,000.00) Dollars per month ("Extension Payment") as and for the right to extend the Termination Date deadline to obtain the completely executed financing

commitment and start construction. Failure of Developer to pay to the Village any of the required Extension Payments prior to the last day of the preceding month will result in this Agreement being null and void and of no further effect, without any further action on either Party's part, with all Parties to bear their own costs and expenses.

In the event that Developer makes one or more of the required Extension Payments but fails to timely obtain evidence satisfactory to the Village of construction financing required to complete the Phase I Project and fails to timely start construction on the foundation of the building, then this Agreement shall be null and void and of no further effect, without any further action on either Party's part, and with all Parties to bear their own costs and expenses. Notwithstanding anything in this Agreement to the contrary, Developer shall not have any rights to cure a failure to obtain the completely executed financing commitment required to complete the Phase I Project and failure to start construction on the foundation of the building timely.

Village shall transfer title to the Phase II Residential Property owned by Village to Developer upon (i) adoption, if at all, of the Final Planned Development Ordinance for Phase II along with all other required land use ordinances necessary to construct the Phase II Project, (ii) compliance with all applicable provisions of this Agreement and (iii) issuance of the initial building permit for the Phase II Residential Project.

**7.2 Acquisition of Property Not Owned By Village.** Developer, or its assignees, and Village have acquired title to all of the Phase I Property.

**7.3 Use of Plans.** In the event of exercise by Village of its rights under Section 7.4 hereof after Developer commences construction of the foundation, Developer shall assign to Village, or as Village shall direct, all of its right, title and interest in the Preliminary and Final Plans for the Property which Developer does not develop, along with the express written consent to such assignment by all parties who created or generated any such Preliminary and Final Plans. On the

Phase I Closing Date, Developer shall deliver to Village letters from the architect, engineer and all other consultants that have provided development services to Developer that prepared the Preliminary and Final Plans permitting Village or its assignee to use them, in accordance with this Section 7.3, without further charge. Village shall be responsible for any payments due the architect, engineer or other consultants for any of their respective services that occur following the foregoing assignment and that were agreed to in writing in advance by Village.

**7.4     Required Completion Dates/Repurchase by Village.** If Developer falls more than ninety (90) days behind any of the "Target Dates" as set forth in Exhibit "I" and provided that the cause of such failure or delay is not due to Uncontrollable Circumstances then Developer shall be deemed to have incurred the corresponding Penalty Amount, the Village may draw upon the Letter of Credit to collect the Penalty Amount, and the Village may elect to declare the Developer in default. If such failure or delay shall occur prior to completion of the foundation and commencement of the vertical construction of the Phase I Project, or, if applicable, the Phase II Project, respectively and as the case may be ("Repurchase Period"), then such failure or delay shall constitute an Event of Default of this Agreement, and, in addition to the payment of any Penalty Amount, the Village Manager may notify Developer in writing that Village demands return (the "Return") of the applicable Phase I Property or Phase II Property, respectively and as the case may be (the "Return Notice"). If Developer does not cure such default within thirty (30) business days of receipt of the Return Notice, then Developer shall immediately convey the applicable Property to Village subject only to such exceptions as were recorded against such portion of the Property when same was conveyed to Developer and subject to any mortgage placed on the Property by Developer in conformance with the provisions of this Agreement to fund costs of acquisition of the Property and construction of the Project ("Return Closing Date"), which loan shall be repaid in full by Village at the time of such return ("Mortgage Repayment"). Developer has warranted that it

will not collect a Construction Management fee or Developer Fee with regard to the Phase I Project or Phase II Project, respectively and as the case may be, until after the corresponding Repurchase Period expires. Any mortgage encumbering the Property shall contain an express provision permitting such Return to Village and an agreement of the Lender to release its lien on the Return Closing Date upon payment by Village of the outstanding balance then due. In the event that there is an amount necessary to obtain releases of the construction loan or other liens, Developer shall pay the excess amount prior to the Return Closing Date. Village may pursue all available legal remedies in order to be made whole. Developer shall convey the Property by special warranty deed, shall assume any costs for title insurance in the amount of all amounts paid by Village to or on behalf of Developer (including any amounts paid to any mortgage holders), and Developer and Village shall execute such other customary title documents as are commonly used in similar commercial transactions in the Chicago, Illinois metropolitan area.

## ARTICLE EIGHT

### VILLAGE COVENANTS AND AGREEMENTS

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

8.2 TIF Funding. Village may issue Bonds to fulfill Village's obligations under this Article Eight or may identify alternative sources of funds. The funds shall be disbursed in accordance with Section 8.9.

This agreement shall not constitute a debt of Village within the meaning of any constitutions, statutory provision or limitation.

8.3 **Sale of Property.** Village has previously acquired portions of the Phase 1 Property. Subject to Developer's satisfaction of the conditions set forth in this Agreement, including those contained in Section 7.1, Village shall transfer title to the Phase I Property owned by Village to Developer. On each Closing Date, Developer shall only be required to pay those costs set forth in Article Fifteen.

8.4 **Development Signage for the Property.** Upon proper and complete permit application, Developer shall have the right to install signage on the Property, designed, located and installed in a manner acceptable to Village in conformance with the Village Zoning Ordinance or the Planned Development ordinance.

8.5 **Retail Sales Generating Uses.** Developer agrees that during the term of this Agreement, not less than sixty-five (65%) percent of the commercial occupants to be located on the first floor of the Phase I Project shall be retail sales generating uses in which sales tax producing activity is the predominant use or restaurant uses.

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

8.7 **Cooperation with Other Permits.** Village agrees to cooperate with Developer in Developer's attempts to obtain all necessary approvals from any governmental or quasi-governmental entity other than Village. During the time that the Village is owner of any of the

Property at the time an application is filed, Village shall join in and otherwise further promptly process and consider to the extent allowable under applicable law, any reasonable request of Developer for zoning and planned development approvals and for relief or variances from Village Zoning and Subdivision ordinances necessary for the construction of the Project.

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

**8.9     TIF Benefit/Cash Payment.** The Parties agree that total TIF Benefit payable to Developer shall not exceed Eight Million Eighty Two Thousand Five Hundred Dollars (\$8,082,500.00), Two Million Forty Thousand Dollars (\$2,040,000.00) of which shall be payment for all of the Village owned portions of the Property, except for 44 W. Wilson, commonly known as the Covello property. The Village Manager shall have the authority to reduce the total TIF Benefit by Two Million Forty Thousand Dollars (\$2,040,000.00) and subsequently waive this payment to the Village. Two Million Six Hundred Thirty Thousand Dollars (\$2,630,000.00) shall be payable by the Village to Developer within thirty (30) days of the date of commencement of construction, and Three Million Four Hundred Twelve Thousand Five Hundred (\$3,412,500.00) (which shall be for TIF Eligible Expenses other than land acquisition) of which is to be reimbursed as follows: (i)

Twenty-five percent of the TIF Eligible Expenses (\$853,125.00) owed by Village to Developer shall be paid to Developer upon Developer's completion of the foundation for the building; (ii) Fifty percent of the TIF Eligible Expenses (\$1,706,250.00) owed by Village to Developer shall be paid to Developer upon completion of the Shell and Core for the building; (iii) Fifteen percent of the TIF Eligible Expenses (\$511,875.00) owed by Village to Developer shall be paid to Developer at the time the Village issues the first certificate of occupancy for the first unit (whether residential or commercial); (iv) Ten percent of the TIF Eligible Expenses (\$341,250.00) owed by Village to Developer shall be paid to Developer at the time when forty percent of the commercial space has been leased and are open for business and upon acceptance of all public improvements and Off-Site Improvements. Prior to any disbursement, Developer shall submit paid receipts to establish that the costs are TIF eligible under the Act. Developer shall submit a schedule of TIF Eligible Expenses and supporting documentation to Village. Village shall have a period of forty-five (45) days after receipt to review and approve the disbursement or to issue a written objection to the reimbursement of specific items in such reimbursement request. Disbursement will be made from the TIF Fund for all items of reimbursement which are not the subject of objection and Developer shall respond to and/or correct any Village objection as soon as practicable. In addition to the foregoing, Developer shall provide Village with the actual paid receipts and other waivers and documents evidencing full payment of the amounts of TIF Eligible Expenses approved for disbursement as a condition precedent to disbursement by the Village. Village shall have forty-five (45) days to review and fund or object to Developer's resubmission of any reimbursement draw items that are the subject of prior objection.

**8.10 Phase II Parking Garage Project.** Village had originally engaged Developer to include the Phase II Parking Garage Project as a part of its planned development submission. Village may, at its sole costs and expense, engage Developer to (i) consult with architects, engineers, Village staff

and other professionals to create detailed plans and specifications for the Phase II Parking Garage Project and (ii) act as the developer of the Phase II Parking Garage Project for a guaranteed maximum price acceptable to Village, pursuant to a guaranteed maximum price contract to be negotiated between the Parties. Developer is constructing the Phase II Residential Project only if Developer is selected to construct the Phase II Parking Garage Project.

**8.11 Phase II Planning Expenses.** The Village shall pay to Developer, within thirty (30) days of the date of execution of this Agreement, the costs incurred by Developer to perform the initial planning drawings required to incorporate the proposed Phase II plans into the initial Planned Development application. Said costs shall not exceed \$18,750.00.

**8.12 Bothwell Street Right of Way.** Village shall vacate the Bothwell Street right of way bounded by Wood Street on the north and Wilson Street on the south ("Bothwell Right Of Way") and all rights to maintain any Village subsurface services or Village utilities in connection with the Bothwell Right Of Way, and Village shall convey all rights and interests in the Bothwell Right Of Way, except for rights and easements of other utility companies, to Developer not more than seven (7) days prior to commencement of construction of the Phase II Residential Project.

**8.13 Easements and License.** The Village agrees to grant the easements and licenses set forth below subject to the lowest structural element of the canopies and awnings that extends into any public right of way or walkway being not less than eight (8) feet above the sidewalk level.

A. **Easements.** Village shall grant to Developer an irrevocable and non-exclusive easement to maintain the following encroachments during the life of the Project: (i) not more than a fifty-five (55) inch encroachment into the Bothwell Street right of way to accommodate one stairwell on the Bothwell Street right of way; which encroachment shall not exceed forty (40) feet in width; (ii) not more than a thirty-two (32) inch encroachment into the Bothwell Street right of way to accommodate the footings for the building along the Bothwell Street right of way; (iii) not

more than a thirty (30) inch encroachment into the Wilson Street right of way to accommodate the footings for the building along the Wilson Street right of way; (iv) not more than a ninety-six (96) inch encroachment into the Wilson Street right of way to accommodate one (1) fixed canopy for the lobby of the residential condominium; (v) not more than a sixteen (16) inch encroachment into the Brockway Street right of way to accommodate one (1) fixed canopy for the residential condominium and (vi) not more than a thirty-six (36) inch encroachment into the Wilson Street right of way to accommodate one (1) fixed canopy for the retail space. The encroachments are identified in Exhibit "L" hereto, and the form and substance of the easement document shall be reasonably acceptable to the Village and Developer. Said terms shall include the following: (x) the duty and cost to maintain the easement areas shall remain in the condominium association with regard to condominium awnings and canopies and the retail owner with regard to any retail awnings or canopies; and (y) the easement shall include an indemnification and hold harmless agreement by Developer, its successors and assigns and the condominium association or retail owner, as applicable, for the benefit of the Village.

B. License. A renewable annual license to accommodate the extension of not more than eighteen (18) inches for up to six (6) commercial fabric awnings into the Wilson Street public way, each as identified in Exhibit "L" hereto; which license shall be in form and substance reasonably acceptable to the Village and Developer and shall include the following: (i) failure to maintain an awning in accordance with the applicable requirements of the Palatine Code of Ordinances shall result in termination of the license; (ii) the duty and cost to maintain the awnings shall remain in the retail owner; and (iii) the license shall include an indemnification and hold harmless agreement by Developer, its successors and assigns and the retail owner for the benefit of the Village.

**8.14 Contingent Right after Termination Date.** In the event that this Agreement is terminated pursuant to Section 7.1, then Developer shall be granted a right to propose an alternative mixed use or a residential plan for a period of one (1) year from May 30, 2008 (and not extended in the event the Termination Date is extended by Developer beyond May 30, 2008. Notwithstanding the foregoing, the Village shall have the right after the Termination Date to have that portion of the Property owned by the Village be developed for any municipal project or improvement, or for any commercial development. In the event that Village elects to proceed with such municipal project or improvement (which improvements shall be required to be more than just a parking lot) or a commercial development or user, then such election shall terminate any and all rights of Developer to propose an alternative plan on that land that is being used for such commercial or municipal purposes and shall void the Planned Development for the Property, and the Village is authorized to rezone any of the Village owned land to accommodate redevelopment. In addition Focus shall lose its designation as Exclusive Developer after the Termination Date. In the event Village takes no action towards a municipal project or improvement or towards such commercial development or user, on Village-owned land then Developer has a right to propose a mixed use or a residential project for that one (1) year period (which one year period shall expire on May 31, 2009). In the event that Developer proposes a mixed-use or residential project for the Project, Developer's rights under this Agreement shall terminate and the Parties shall attempt to agree to terms of a new redevelopment agreement. In all events, Developer's rights under this Section shall terminate on May 31, 2009.

## ARTICLE NINE

### DEVELOPER'S COVENANTS AND AGREEMENTS

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

9.2 **Accept Title to the Property.** Developer hereby agrees to accept legal title to the applicable portion of the Property, on the corresponding Closing Date, subject to the condition precedent contained in this Agreement and to the provisions of Article Fifteen.

9.3 **Permit Application Deadlines.** As of the date of this Amended and Restated Redevelopment, Developer has applied for and received Final Planned Development approval for Phase I. In addition, Developer has 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 Phase I of the Project in accordance with the Final Plans. Developer shall proceed with the application for permits and construction of the Phase I Project on the Property in accordance with the schedule set forth in Exhibit "I" hereto. Development of the Phase II Project is subject to Village adoption of a Planned Development ordinance approving that phase of the Project. In the event that Village does not adopt an ordinance granting a Planned Development for the Phase II Project, this Agreement shall be null and void as to Phase II, and no further action shall be required and both Parties shall cover their own costs. In the event that the Village elects to terminate this Agreement with regard to the Phase I Project, through no fault of Developer or a third party, then, in that event, Village shall repurchase all portions of the Property then owned by Developer at Developer's cost of acquisition and shall reimburse Developer up to Two Hundred Fifty Thousand and No Dollars (\$250,000.00) for any TIF Eligible expenses incurred up to the date of such termination.

**9.4 Construction Financing Deadline.** Developer has heretofore provided Village with signed letters of intent demonstrating that Developer has obtained preliminary statements from lenders to provide sufficient funds to pay the cost of the Project and any other obligations of Developer hereunder relating to the Property. Developer shall obtain a financing commitment which will be fully binding for the Project, in form and content that is typical in the industry, for construction financing for the Project ("Construction Loan") to be constructed and shall provide to Village evidence of such commitment in accordance with Section 7.1 of this Agreement. Developer may, at any time and from time to time, assign to any construction lender or other mortgagee ("Mortgagee") its rights and interests hereunder as collateral for the Construction Loan or other financing in connection with the Project permitted in accordance with the terms of this Agreement ("Collateral Assignment"), and Village shall consent to such Collateral Assignment, subject to the following: In the event that any Mortgagee or successor to a Mortgagee shall succeed to the interests of Developer in the Project or in any portion thereof pursuant to or as result of remedies under the Construction Loan documents or other mortgage and/or under any related documents, including the Collateral Assignment ("Mortgage Documents"), whether by foreclosure, deed-in-lieu of foreclosure or other rights granted under such Mortgage Documents, Village shall attorn to and recognize Mortgagee or such successor, so long as such Mortgagee or successor shall accept, in writing, an assignment of the rights and obligations of Developer hereunder, effective from and after the date of such acceptance. Mortgagee or such successor, as the case may be, shall have no liability or obligation to Village hereunder for matters arising prior to such acceptance or for the prior defaults of Developer. In the event that Mortgagee or such other successor, as the case may be, shall not accept an assignment of the rights and obligations of Developer hereunder, then such party shall be entitled to no rights or benefits hereunder, but shall be bound only to those

covenants expressly made herein which relate to the use or construction of improvements on the Property.

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

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

A.     Construction Letter of Credit. Prior to the Phase I Closing Date, 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) Developer has a completely executed financing commitment. As a condition to Village issuing a permit for the Phase I Project, Developer shall deliver to Village an unconditional irrevocable letter of credit in the amount of Two Million Six Hundred Thousand and 00/100 (\$2,600,000.00) Dollars in form and substance acceptable to Village (the “LOC”) which LOC may be drawn on by Village upon Developer incurring a Penalty Amount as set forth on Exhibit “I”. One Million Six Hundred Thousand and no/100 (\$1,600,000.00) Dollars of the LOC shall be released at the time that the Village certifies the completion of the foundation of the building. Five Hundred Fifty Thousand (\$550,000.00) Dollars of the LOC shall be released at the time that the Village certifies the completion of the Shell and Core of the building. One Hundred Fifty Thousand (\$150,000.00) Dollars of the LOC shall be released at the time forty percent of the commercial space has been leased and is open for business. Two Hundred Thousand (\$200,000.00) Dollars of the LOC shall be released at the time that Village issues a temporary (or final if applicable) certificate of occupancy for the last unit in the building (“Last C of O”), and upon acceptance of all public improvements and Off-Site Improvements, subject to offset by Village as provided below in the event that the Last C of O shall issue after

December 31, 2009. The balance of the LOC in the amount of One Hundred Thousand (\$100,000.00) Dollars shall be released upon the completion of the one-year maintenance period as required under Village Code.

**9.7     Timing of Developer's Obligations.** Developer covenants and agrees to construct or cause to be constructed the Phase I Project on the Phase I Property (and the Phase II Project on the Phase II Property, if applicable) in compliance with Exhibit "I" hereto (as such Exhibit shall be amended for the Phase II Project, if applicable) and otherwise as required herein, subject to Uncontrollable Circumstances.

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

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

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

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

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

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

9.14 **Public Walkway.** In connection with the Phase II Project, if applicable, Developer hereby agrees to grant and convey to Village a perpetual easement over a portion of the surface (and portion of the subsurface) of the vacated Bothwell Street Right Of Way for access of the public as a public walkway, pursuant to an Easement Agreement to be agreed upon between the Parties.

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

**9.16 Fees and Expenses.** Developer shall pay all Village and other governmental entity-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 Village and are of a general applicability to all other property in Village. Said payments shall be made as directed by the applicable Village code or policy.

In addition, Developer shall pay an "art amenity fee" of \$100/per residential dwelling unit based on the number of residential dwelling units approved in the final Planned Development Ordinance. The "art amenity fee" for each residential unit will be paid in its entirety at the Initial Closing of any portion of the Village Property

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

**9.17 Loan Agreement.** Except for sales and refinancing of the retail components of the Phase I Project, prior to issuance of the Certificate of Completion by Village, Developer shall not use the Property as collateral for anything other than the cost of acquiring the Property and constructing the Project. Notwithstanding anything to the contrary contained herein, no mortgage executed in connection with Developer's Loan may encumber the Property unless the Lender thereunder has committed in writing to the Village that, without Village consent:

- (a) in no event shall disbursements be made under Developer's Loan for vertical construction until such time as the Village approves the foundation inspection;
- (b) in no event shall the Property serve as security or collateral for any loan other than loans the proceeds of which will be applied to the acquisition of the Property and construction of the Project;

- (c) in the event the Village exercises the repurchase option described in **Section 7.4**, such Lender will release the lien of its mortgage against the Property upon repayment by the Village of all amounts due and owing such Lender;
- (d) in no event may Lender exercise any remedies with regard to any default under the Developer's Loan, other than the right to withhold further disbursement until such time as Lender has tendered to Village written notice thereof and afforded to Village the same cure period afforded to Developer under the loan documents to cure any such default noted therein; and
- (e) except for protective advances by the Lender, the amount of Developer's Loan may not be increased without the consent of the Village to an amount that exceeds the appraised value of the Property and Project.

**9.18 Roof Antennas.** All antennas and satellite dishes and/or other similar telecommunications equipment shall conform to Village Code of Ordinances.

**9.19 Demolition of the Property.** Developer shall undertake the demolition of all Village surface and subsurface structures existing on the Property and restoration of suitable soils sufficient to support the Project in accordance with the Final Plans. Subject to Village approval of Developer's proposal for demolition and restoration, Village, upon complete submittal of materials and an application for demolition and restoration by Developer, shall issue the applicable permits. Developer shall obtain the required demolition permit from Cook County. Demolition and restoration of all structures, except the building that housed the former Mia Cuccina Restaurant ("Initial Demolition Work"), shall commence no later than February 15, 2008 pursuant to the License Agreement attached hereto as Exhibit "H". Demolition of the building that housed the Mia Cuccina Restaurant shall not occur until Developer is prepared to commence excavation for the Phase I Project. Demolition and restoration shall be part of the TIF Eligible Expense, and shall

be reimbursed to Developer as set forth herein; provided, however, that the Village shall reimburse Developer for all of the costs of such work within thirty (30) days only if Developer completes the Initial Demolition (as verified by Village inspection and certificate) no later than March 31, 2008, and Developer makes written request for the same and submits paid receipts, setting forth each item of cost for labor and materials comprising such Initial Demolition Work ("Initial Demolition Work Reimbursement"). The Initial Demolition Work Reimbursement shall be reflected by Developer as a prepaid TIF Eligible Expense on any subsequent request by Developer for TIF Eligible Expense reimbursement permitted hereunder, and shall be credited against amounts to be paid by the Village under Section 8.9 hereof. In the event Developer fails to complete the Initial Demolition by March 31, 2008, then the Initial Demolition Work reimbursement shall be made as part of the TIF Eligible Expenses and not pursuant to this Section, but in any event, shall be paid no later than 30 days after termination of the Agreement so long as Developer makes written request for the same and submit paid receipts, setting forth each item of cost for labor and materials comprising such Initial Demolition Work.

**9.20 Remediation of the Property.** At the time, or upon completion, of demolition, Developer shall undertake, as agent for Village and at Village's sole cost and expense, further environmental investigation and remediation of the Phase I Property and the Phase II Residential Property as Village and Developer agree is sufficient and necessary to obtain a Focused No Further Remediation Letter from the IEPA to the TACO industrial/commercial standards, which shall be sufficient to allow the Project to be constructed, in accordance with the Final Plans; which remediation may be as prescribed by one or more remediation plans, if applicable. Village shall obtain a Focused No Further Remediation Letter from the IEPA in form and substance reasonably acceptable to Developer and Village shall indemnify and hold Developer, its successors and assigns harmless from and against any environmental costs, claims or damages related to the

Phase I Property and the Phase II Residential Property. Developer must conform to the IEPA process and timelines, provided, however, that any delay by the IEPA will not constitute a default by Village. In no event shall the Village cost to remediate the Property, together with the Village indemnity of Developer exceed a total cost of Two Hundred Fifty Thousand and No Dollars (\$250,000.00). In such event that the amount to remediate exceeds said amount, the Village shall have the right to terminate this Agreement. In the event that the Village elects to terminate this Agreement pursuant to this provision, the Village shall repurchase any portion of the Property then owned by Developer at Developer's cost of acquisition and reimburse Developer up to Two Hundred Fifty Thousand and No Dollars (\$250,000.00) for any TIF Eligible expense incurred up to the date Village terminates. Developer shall convey any such portion of the Property by special warranty deed. The post-termination provisions of this Section 9.20 shall govern termination under Section 15.3 of this Agreement.

**9.21 Insurance for Environmental Remediation.** Developer shall obtain three (3) proposals from environmental contractors and Village and Developer shall mutually select the environmental contractor and agree upon the scope of work. Developer shall engage said contractor and Village shall pay the costs to remediate, which shall include the Environmental Insurance Costs set forth below. Developer shall be entitled to a reasonable additional fee to oversee said work. Developer shall cause any contractor performing remediation work for itself, or for Village as its agent, to obtain, and include in the bid, insurance from an insurance company with an AM Best rating no less than A, under a policy with a limit of Five Million and no/100 Dollars (\$5,000,000.00), to cover any damages to the Property, which insurance policy shall name Developer and Village as additional insureds ("Environmental Insurance Costs").

## ARTICLE TEN

### ADDITIONAL COVENANTS OF DEVELOPER

10.1 **Developer Existence.** Developer will do or cause to be done all things necessary to preserve and keep in full force and effect its existence and good 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.

10.2 **Construction of Project.** Developer shall diligently pursue obtaining all required permits and Developer shall cause construction of the Project on the Property to be prosecuted and completed pursuant to the schedule set forth on Exhibit "I", in good faith and without delay, subject to Uncontrollable Circumstances and the other provisions of this Agreement. Neither Developer, nor any entity in which Developer has an interest, shall be paid any developer construction management fee or other fee from the proceeds of the Construction Loan for the Property until after the expiration of the Repurchase Period.

10.3 **Indemnification.** Developer (use of the term "Developer" herein includes permitted successors and assigns), agrees to indemnify, defend and hold Village, Mayor, Village Council Members, Village Manager, officers, agents and employees (hereinafter "Indemnified Parties") harmless from and against any losses including lost increment (excluding sales taxes and real property taxes, except as to that portion of said real estate taxes which constitute lost increment experienced due to any delay beyond December 31, 2009, which is the penalty date of issuance of the final certificate of occupancy in the building), 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 Developer or any part of the Project.
- (g) the occurrence of an Event of Default by Developer.

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

**10.4 Insurance.** Seven (7) days prior to Closing (or periodically thereafter to provide necessary insurance coverage required hereunder), Developer (or Developer's contractor) shall deliver to Village, at Developer's cost and expense, insurance required to be carried by Developer pursuant to **Article Fourteen.** Village and the company retained by Village (or Developer as Village's agent in connection with environmental remediation) to perform the remediation work on the Property

shall be named as additional insured parties on Developer's insurance policies until such time as a Certificate of Completion is issued; provided that Village hereby agrees and acknowledges that the rights of Village as an additional insured are subordinate to the priority of the construction lender as a loss payee.

**10.5 Further Assistance and Corrective Instruments.** 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 Village's sound legal discretion.

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

**10.7 Conveyance.** In recognition of the nature of the Project and Village's projections of the need for incremental tax revenues to finance TIF Eligible Expenses, in accordance with the Act, during the life of the TIF consistent with its covenants in Sections 9.13, 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. To facilitate this provision, Village will impose in the deed conveying all or any portion of the Property to Developer and Developer shall impose in its deed conveying all or any portion of the Property a prohibition against granting such conveyance consistent with the covenants in Sections 9.13. In addition, at Closing, Developer shall record the same prohibition against granting such conveyance against all of the Property then owned by Developer or its assignees.

**10.8 Disclosure.** Concurrently with execution of this Agreement and again on the Phase I Closing Date, Developer shall, in strict confidence, disclose to counsel for the Village the names, addresses and ownership interests of all Persons that comprise Developer, including all shareholders of any corporation or members of any limited liability company for independent confidential inspection to determine whether any such ownership is unacceptable to the Village. Except as otherwise permitted herein, no change shall be made in the persons comprising Developer or in their ownership interests without the consent of Village.

**10.9 Open Book Project.** Developer's Project shall be an "open book" project meaning that Developer and the general contractor (or contractors, if more than one) will assure continuing access to 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 Developer has failed to make available any such books and/or records requested in writing by Village. Developer shall provide to Village copies of any partnership, limited liability operating agreements or joint venture agreements pertaining to Developer Property to which Developer is a party; provided that Developer may, (if Developer has previously provided 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 Village and not since changed in form or substance and 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 Village shall be an Event of Default. Developer shall exercise prudence and good faith in attempting to contract with persons or entities that 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. Village agrees that 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. Developer or its affiliate may act as such general contractor, subject to the foregoing conditions and qualifications of this Agreement, including Section 7.4.

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

**10.11 No Transfer without Village's Consent.** Except for the sale and leasing of the Project in the ordinary course of business, and as otherwise permitted herein, prior to issuance of a Certificate of Completion for the respective phase of the Project constructed by Developer, including Off-Site Improvements, no portion of the Project shall be transferred or conveyed (other than to Permitted Transferees). Developer shall notify Village of any transfer of any interest in the Project other than 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 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. 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 ELEVEN

### ADHERENCE TO VILLAGE CODES AND ORDINANCES

All development and construction of the Project shall comply in all respects with the provisions in the Building, Plumbing, Mechanical, Electrical, Storm Water Management, Fire Prevention, Property Maintenance, Zoning and Subdivision Codes of Village and all other germane codes and ordinances of Village in effect from time to time, unless otherwise mandated by State law or permissible under a variance or exemption granted to Developer by any governmental body authorized to grant such variance or exemption. 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 or is permissible under a variance or exemption granted to Developer by any governmental body authorized to grant such variance or exemption.

## ARTICLE TWELVE

### REPRESENTATIONS AND WARRANTIES OF DEVELOPER

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

**12.1 Organization and Authorization.** Developer is an Illinois 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.

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

12.3 Location of Project. The Project will be located entirely within the Property and/or easements and licenses granted by the Village pursuant to this Agreement, except for Off-Site Improvements.

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

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

### ARTICLE THIRTEEN

#### REPRESENTATIONS AND WARRANTIES OF VILLAGE.

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

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

13.2 Authorization. The execution, delivery and the performance of this Agreement and the consummation by 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 Village, (ii) require no other consents, approvals or authorizations on the part of Village in connection with 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 Village is subject.

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

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

13.5 **Information.** Village shall deliver to Developer all documents and instruments in its possession or control relating to the physical condition and development of the Property.

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

## ARTICLE FOURTEEN

### LIABILITY AND RISK INSURANCE.

14.1 **Liability Insurance Prior to Completion.** Seven (7) days prior to the Phase I Closing Date, Developer (or Developer's contractor) shall procure and deliver to 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 One Million and no/100 Dollars (\$1,000,000.00) each occurrence and Two Million and no/100 Dollars (\$2,000,000.00) total. All such policies shall be in such form and issued by such companies as shall be acceptable to Village to protect 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 or the Property, or the construction and improvement thereof by Developer. Each such policy shall name Village as an additional insured and shall contain an affirmative statement by the issuer that it will give written notice to Village at least thirty (30) days prior to any cancellation or amendment of its policy; provided that, Village hereby agrees and acknowledges that its rights as an additional insured are subordinate to the priority of the construction lender as a loss payee. Developer may satisfy its insurance obligations in this **Article Fourteen** by way of a blanket policy or policies which includes other liabilities, properties and locations having a general policy aggregate of at least Ten Million and No/100 Dollars (\$10,000,000.00). Developer shall provide to Village a replacement certificate not less than 30 days prior to expiration of any policy.

**14.2 Builder's Risk Prior to Completion.** Prior to completion of the construction of the Project on the Property, as certified by 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 reasonably satisfactory to 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 Village.

## ARTICLE FIFTEEN

### REAL ESTATE SALE PROVISIONS

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

15.2 Purchase Price.

Village shall transfer title to the Village owned portions of the Phase I Property for a purchase price equal to Three Million Two Hundred Seventy Thousand Dollars (\$3,270,000.00) (the "Phase I Purchase Price") subject to Section 8.9 of this Agreement. Village shall transfer title to the Phase II Residential Property, if applicable, for a purchase price equal to One Dollars (\$1.00) (the "Phase II Purchase Price"); the Phase I Purchase Price and Phase II Purchase Price are sometimes collectively referred to herein as the "Purchase Price"). Developer's closing costs shall be reimbursed as part of the TIF Eligible Expenses for the Project to the extent allowed by law.

**15.3 Title.**

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

B. **Objections.** Developer shall have thirty (30) days following receipt of the Commitment, Title Documents and Survey to review the Commitment, Title Documents and Survey and to provide to Village in writing a specific list of Developer's objections to any of them other than the Agreed Exceptions, as defined below, and Consensual Liens ("Title Objections"). Any item constituting an encumbrance upon or adversely affecting title to the Property (except for Agreed Exceptions and Consensual Liens) which is not objected to by Developer in writing by such time shall be deemed approved by Developer and shall constitute a Permitted Exception (as hereinafter defined). All title exceptions listed on the Attached Exhibit "J" collectively referred to as "Agreed Exceptions" and shall constitute Permitted Exceptions. Any mortgages, security interests, financing statements, special assessments, taxes or any lien recorded against the Property following the Agreement Date with the consent or acquiescence of Village are collectively referred to as the "Consensual Liens" and none of such Consensual Liens shall constitute, be or become

Permitted Exceptions. Village shall cause all Consensual Liens to be paid and discharged in full on the applicable Closing Date and, in the event Village fails to do so, Developer shall have the right to deduct and apply so much of the Purchase Price as is reasonably required to do so; which application, to the extent insufficient to remove such Consensual Liens, shall not relieve Village of the obligation to remit such additional amounts as may be necessary to consummate full removal of such Consensual Liens. The phrase "Permitted Exceptions" shall mean the Agreed Exceptions and those exceptions to title set forth in the Commitment, Title Documents and Survey and accepted or deemed approved by Developer pursuant to the terms hereof, except Consensual Liens as provided above, which shall not constitute Permitted Exceptions.

C. Cure. Village shall have the right, but not the obligation for a period of twenty-one (21) days after receipt of Developer's Title Objections (the "Cure Period"), to cure (or commit to cure at or prior to Closing) by delivery of written notice thereof to Developer within the Cure Period any or all Title Objections contained in Developer's notice. If any such Title Objections are not cured (or, if reasonably capable of being cured, Village has not committed to cure same at or prior to Closing) within the Cure Period, or if Village sooner elects not to cure such Title Objection by written notice to Developer, Developer shall have until the earlier of the expiration of the Cure Period or five (5) days after the receipt of such written notice within which to give Village written notice that Developer elects either (i) to waive all such uncured objections (in which case the uncured objections shall become Permitted Exceptions); or (ii) to terminate this Agreement. If Developer does not deliver such written notice within the above period, Developer shall be deemed to have waived its objections and all uncured Title Objections shall be Permitted Exceptions (except Consensual Liens, which shall not constitute Permitted Exceptions hereunder). If Developer terminates this Agreement in accordance with the foregoing, this Agreement shall immediately and automatically terminate, and neither Party shall have any further obligations to

the other hereunder (except any obligations, which this Agreement provides survive termination, which shall include repurchase of the Property then owned by the Developer and reimbursement of the amounts set forth in Section 9.20, as the Village would otherwise reimburse Developer in the event that the Village elected not to proceed under such Section 9.20).

**15.4 Closing Deliveries.**

A. Village. The Phase I Closing Date shall occur on or before May 30, 2008, subject to the provisions of Section 7.1 herein, provided all the conditions precedent described in this Agreement have been satisfied, including but not limited to: full execution of this Agreement, and compliance with all applicable provisions of this Agreement. Village agrees to consider a request of Developer that it be allowed to close on the Property earlier than May 30, 2008, provided all the conditions precedent described in this Agreement have been satisfied. The Phase II Closing Date shall be agreed upon pursuant to an amendment to this Agreement, provided all the conditions precedent described in this Agreement have been satisfied. On each Closing Date, Village shall deliver or cause to be delivered to Developer, the following with respect to the portion of the Property being conveyed:

- (i) Deed. Special Warranty Deed, in form and substance reasonably acceptable to Developer, conveying such portion of the Property to Developer (or Developer's Permitted Assignee) free and clear of all liens, claims and encumbrances except for the Permitted Exceptions.
- (ii) Possession. Exclusive possession of the Property.
- (iii) Title Policy. An ALTA Form B Owner's Policy of Title Insurance for the Property, dated as of the applicable Closing Date, in the amount of the applicable Purchase Price, insuring title in Developer (or Developer's Permitted Assignee) in indefeasible fee simple, subject to no exceptions

other than Permitted Exceptions with extended coverage (the “Title Policy”).

Village shall pay the additional premium charged for extended coverage, however, Developer shall pay for any endorsements required by Developer or its Lender.

- (iv) Closing Statement. A Closing Statement conforming to the prorations and other relevant provisions of this Agreement.
- (v) Entity Transfer Certificate. An Entity Transfer Certification confirming that Village is a “United States Person” within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended.
- (vi) Other. Such other documents and instruments as may be required by the Title Company as necessary to consummate this transaction and to otherwise effect the agreement of the parties hereto and not inconsistent with the terms of this Agreement, including but not limited to: (1) an Affidavit of Title, and (2) an A.L.T.A. Statement.

B. Developer. On each Closing Date, Developer shall deliver or cause to be delivered to Village the following:

- (i) Closing Statement. A Closing Statement conforming to the proration and other relevant provisions of this Agreement.
- (ii) Corporate Resolutions/Authorizations. Such limited liability company resolutions and authorizations satisfactory to the Title Company evidencing Developer’s authority to enter into and consummate this transaction and the acceptance of the conveyance of the Property, pursuant to this Agreement.
- (iii) Other. Such other documents and instruments as may be required by the Title Company to consummate this transaction and to otherwise effect the

agreement of the parties hereto and not inconsistent with the terms of this Agreement.

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

Village will pay the basic premium for the Title Policy and any premiums for extended coverage; one-half of the escrow fee and New York closing fee charged by the Title Company; the costs to prepare the Deed; the costs to obtain, deliver, and record releases of all liens to be released at Closing; the costs to record all documents to cure Title Objections agreed to be cured by Village; the costs to obtain the Survey; the cost of state and county transfer stamps, if any, and Village's expenses and attorney's fees. Developer will pay one-half of the escrow fee and New York closing fee charged by Title Company; the costs to obtain, deliver, and record all documents other than those to be recorded at Village's expense; the costs of any work required by Developer to have the Survey reflect matters other than those required under this Agreement; the costs to obtain financing of the Purchase Price, including the incremental premium costs of mortgagee's title policies and endorsements and deletions required by Developer or Developer's lender; and Developer's expenses and attorney's fees. All general taxes and assessments, which are due and payable in arrears after any Closing Date, and assessments for improvements completed prior to but payable after such Closing Date, shall be prorated at such Closing based on each Party's period of ownership. Ad valorem real estate taxes for the Property will be prorated at 105% of most current available assessed value, equalization factor and tax rate between Developer and Village as of the applicable Closing Date. Village's portion of the prorated taxes will be credited to Developer at closing as an adjustment to the Purchase Price. If the assessment(s) for the year of closing and/or prior years are not known as of

any Closing Date, the prorations will be based on taxes for the previous tax year. Village will promptly notify Developer of all notices of proposed or final tax valuations and assessments that Village receives after the Contract Date and prior to such Closing. If this sale or Developer's use of the Premises after such Closing results in the assessment of additional taxes for periods prior to Closing, Developer will pay the additional taxes. All taxes due as of such Closing will be paid at such Closing. Such other items that are customarily prorated in transactions of this nature, if any, shall be ratably prorated. For purposes of calculating prorations, Developer shall be deemed to be in title to the applicable portion of the Property on the corresponding Closing Date. All such prorations shall be made on the basis of the actual number of days of the year which shall have elapsed as of such Closing Date. The amount of the ad valorem real estate tax proration shall be adjusted in cash after such Closing as and when the final tax bill for such period(s) becomes available. Village and Developer agree to cooperate and use their diligent and good faith efforts to make such adjustments no later than thirty (30) days after such information becomes available.

## ARTICLE SIXTEEN

### EVENTS OF DEFAULT AND REMEDIES.

**16.1 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 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 thirty (30) days after written notice from Village.

(b) Default by Developer for a period of thirty (30) days after written notice thereof in the performance or breach of any covenant contained in this Agreement concerning the existence, structure or financial condition of Developer; provided, however, that such default or breach shall not constitute an Event of Default if such default cannot be cured within said thirty (30) days and Developer, within said thirty (30) days, initiates and diligently pursues appropriate measures to remedy the default; provided, however, that such additional period will be limited to an additional thirty (30) days in the event that permitting a longer period for cure would materially threaten or jeopardize the value, TIF increment projection or completion of the Project. However, in no event shall the additional period be longer than ninety (90) days in the event that the Village, in its sole discretion, feels that a longer period for cure would materially threaten or jeopardize the value, TIF Increment Projection, or completion of the Project.

(c) Default by Developer in the performance or breach of any covenant, warranty, representation, or obligation contained in this Agreement which is not cured within thirty (30) days (or such longer other time permitted for cure thereunder) after written notice of such breach; provided, however, that such default shall not constitute an Event of Default if such default cannot be cured within said thirty (30) days initiates and diligently pursues appropriate measures to remedy the default; provide, however, that such period shall be limited to an additional sixty (60) days in the event that permitting a longer period for cure would materially threaten or jeopardize the value, TIF Increment projection, or completion of the Project. However, in no event shall the additional period be longer than ninety (90) days in the event that the Village, in its sole discretion, feels that a

longer period for cure would materially threaten or jeopardize the value, TIF Increment Projection, or completion of the Project.

(d) The entry of a decree or order for relief by a court having jurisdiction in the premises in respect of 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 part of its property, and either ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) consecutive days, or where a plan of reorganization acceptable to Village is not confirmed within one hundred twenty (120) days after such order or decree or such earlier date as the court might otherwise order.

(e) The commencement (i) 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; (ii) by any third party or parties of an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, which is not dismissed or with respect to which a plan of reorganization acceptable to Village has not been confirmed within ninety (90) days after commencement, 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 part of the Property, or the making by Developer 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.

(f) Developer's failure to have funds to meet Developer's obligations.

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

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

(i) Change in Developer (other than to Permitted Transferees).

(j) Developer stops work on the Project for more than thirty (30) consecutive days for any reason other than Uncontrollable Circumstances.

(k) Developer fails to comply with applicable governmental codes and regulations in relation to the construction and maintenance of the buildings during the time period between commencement of construction and the date that control over the condominium association is turned over by the Developer to the condominium association. Subject to the time period in the preceding sentence, 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

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

(a) if any material representation made by 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 such breach materially threatens or jeopardizes the value or completion of the Project and Village does not remedy the default within thirty (30) days after written notice from Developer.

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

(c) default by 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 Village, commences cure within thirty (30) 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 Village's obligations.

**16.3 Remedies for Default.**

(a) In the case of an Event of Default hereunder, the non-defaulting Party may institute such proceedings as may be necessary or desirable in its opinion to cure or remedy such default or breach, including, but not limited to, proceedings to compel specific performance of the defaulting Party's obligations under this Agreement.

(b) In the event Village shall have proceeded to enforce its rights under this Agreement and such proceedings shall have been discontinued or abandoned for any reason, then, and in each such case, Developer and Village shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of Developer and 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 recourse under the LOC and any other remedies at law or in equity, Village shall be relieved of its obligations under this Agreement, including but not limited to its obligations to accord Developer "exclusive" developer status as set forth in Article Five.

(d) In the event a Developer fails to complete a task set forth in Exhibit "I" by the Default Date as defined in Exhibit "I", Village may immediately draw on the LOC to the extent that a penalty amount is due under Exhibit "I", without rights of Developer to cure.

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

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

manner or time thereof, of any obligation or any condition under the Agreement shall be considered a waiver of any rights except if expressly waived in writing.

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

## ARTICLE SEVENTEEN

### EQUAL EMPLOYMENT OPPORTUNITY

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

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

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

## ARTICLE EIGHTEEN

### MISCELLANEOUS PROVISIONS.

18.1 Cancellation. In the event prior to Closing on any portion of the Property, Developer or Village shall be prohibited, for a period of more than ninety (90) days, in any material respect, from performing covenants and agreements or enjoying the rights and privileges herein contained, or contained in the Redevelopment Plan, including Developer's duty to build the Project, by any Uncontrollable Circumstance, or in the event that all or any part of the Act or any ordinance adopted by Village in connection with the Project, shall be declared invalid or unconstitutional, in whole or in part, by a final decision of a court of competent jurisdiction and such declaration shall materially affect the Redevelopment Plan or the covenants and agreements or rights and privileges of Developer or Village, or if Village is unsuccessful in any eminent domain or Quick Take proceedings initiated pursuant to this Agreement, then and in any such event, the Party so 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 Village terminates this Agreement pursuant to this Section 18.1, then 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, other than as a result of the Developer's default hereunder, the letter of credit shall be released to Developer unless required to cure a default and the Village shall repurchase the Property then owned by the Developer and reimburse Developer the amounts set forth in Section 9.20, as the Village would otherwise reimburse Developer in the event that the Village elected not to proceed under such Section 9.20. The forgoing shall not operate to modify the termination provisions of any provision of this Agreement.

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

If to Village:	Village of Palatine 200 E Wood Street Palatine, IL 60067 Attention: Village Clerk Fax: 847-359-9094 Email: <a href="mailto:mduer@palatine.il.us">mduer@palatine.il.us</a>
With a copy to:	Village of Palatine 200 E Wood Street Palatine, IL 60067 Attention: Village Manager Fax: 847-359-9094 Email: <a href="mailto:rottesen@palatine.il.us">rottesen@palatine.il.us</a>
With a copy to:	Schain, Burney, Ross & Citron, Ltd. 222 N. LaSalle Street, Suite 1910 Chicago, IL 60601 Attention: Robert C. Kenny Fax: (312) 332-4514 Email: <a href="mailto:rkenny@schainlaw.com">rkenny@schainlaw.com</a>
If to Developer:	Focus Development 211 Waukegan Road Suite 220 Northfield, IL 60093 Attention: Tim Anderson Fax: (847) 441-0475 Email: <a href="mailto:tim@focusdevelopment.com">tim@focusdevelopment.com</a>
With a copy to:	Meltzer, Purtill & Stelle, LLC 300 South Wacker Drive, Suite 3500 Chicago, IL 60606 Attention: William J. Mitchell Fax: (312) 987-9854 Email: <a href="mailto:wmitchell@mpslaw.com">wmitchell@mpslaw.com</a>

The Parties, by notice hereunder, may designate any further or different addresses to which subsequent notices, certificates, approvals, consents or other communications shall be sent. Any

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

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

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

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

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

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

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

18.9 Third Parties. Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any other persons other than Village and Developer, nor is anything in this Agreement intended to relieve or discharge the

obligation or liability of any third persons to either Village or Developer, nor shall any provision give any third parties any rights of subrogation or action over or against either Village or Developer. This Agreement is not intended to and does not create any third party beneficiary rights whatsoever.

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

**18.11 Cooperation and Further Assurances.** 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 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.

**18.12 Successors in Interest.** This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective authorized successors and assigns; provided, however, that, except as provided in Section 10.10 hereof, Developer may not assign its rights under this Agreement without the express written approval of Village. Notwithstanding anything herein to the contrary, Village may not delegate its obligation hereunder or except as provided herein, transfer any interest in Village Property without the express written approval of Developer.

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

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

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

18.16 Term. This Agreement shall remain in full force and effect for twenty-three (23) years from the date the 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.

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

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

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

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

## ARTICLE NINETEEN

### EFFECTIVENESS

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

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

VILLAGE OF PALATINE, an Illinois  
municipal corporation

By: R. J. Otey  
Its: Village Manager

ATTEST:

By: David Layton  
Its: Village Clerk DEBTY

DEVELOPER:

FOCUS DEVELOPMENT, INC.

By: Timothy J. Anderson  
Timothy J. Anderson, President

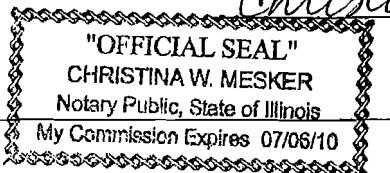
RCK/Focus-Amended-Restated-RDA-1-16-08-Execution Version

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 Timothy J. Anderson, President of Focus Development, Inc., an Illinois corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said Focus Development, Inc., for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 11<sup>th</sup> day of February, 2008.

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

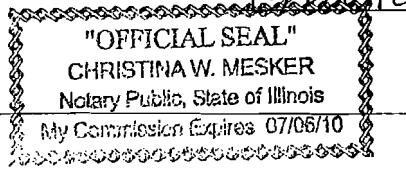


STATE OF ILLINOIS )  
 ) SS  
COUNTY OF COOK )

I, Christina W. Mesker, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Reid Ottesen the Village Manager and Laurie Rayborn the Deputy Clerk of the Village of Palatine, 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 and as the free and voluntary act of said Village of Palatine, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 11<sup>th</sup> day of February, 2008.

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



***Exhibit A***

**Planned Development Ordinance**



Doc#: 0712349191 Fee: \$98.50  
Eugene "Gene" Moore  
Cook County Recorder of Deeds  
Date: 05/03/2007 02:55 PM Pg: 1 of 38

**ORDINANCE NO. 0-50-07**

**AN ORDINANCE GRANTING FINAL PLANNED DEVELOPMENT APPROVAL FOR  
THE PROPERTY AT 123 N. BROCKWAY, 35 & 55 W. WOOD STREET AND  
36, 44, 56 & 58 W. WILSON STREET (BLOCK 27) (CASE NO. 06-93)**

PINs: 02-15-414-002  
02-15-414-004  
02-15-414-007--013

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 April 16, 2007**

**ORDINANCE NO. 0-50-07**

**AN ORDINANCE GRANTING  
FINAL PLANNED DEVELOPMENT APPROVAL FOR THE PROPERTY AT  
123 N. BROCKWAY, 35 & 55 W. WOOD STREET AND  
36, 44, 56 & 58 W. WILSON STREET (BLOCK 27)(CASE NO. 07-05)**

**WHEREAS**, upon petition of owners of said property, hearings were held by the Plan Commission of the Village of Palatine on April 4, 2007 in accordance with the Zoning Ordinance of the Village of Palatine, in such case made and provided, and said Plan Commission, having made its findings in a report to the Mayor and Village Council of the Village of Palatine regarding a request for Final Planned Development approval.

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

**SECTION 1:** That final approval of a Planned Development is hereby granted pursuant to Section 13.05 of the Palatine Zoning Ordinance for the real estate described as follows, to wit:

Lots 1, 2, 3, 4, 5, 6, 7 and 8 in Block "B" in the Town of Palatine, Cook County, Illinois, according to the plat thereof recorded August 20, 1869 in Book 170 of Maps at pages 94 and 95 as Document No. 23021 and rerecorded April 10, 1877 in Book 13 of Plats at pages 3 and 4 as Document No. 129579.

commonly known as 123 N. Brockway Street; 35 & 55 W. Wood Street; and 36, 44, 56 & 58 W. Wilson Street (also known as Block 27) (PINs# 02-15-414-002, -004, -007, -008, -009, -010, -011, -012 & -013).

**SECTION 2:** That final approval of a Planned Development is hereby granted to the above described property pursuant to Section 13.05 of the Palatine Zoning Ordinance, subject to the following conditions:

1. The Planned Development shall substantially conform to the architectural plans by OKW Architects dated 4/3/07 and attached hereto as Exhibit 'A', the landscape plans by OKW Architects dated 4/3/07 and attached hereto as Exhibit 'B'; and the Engineering plans by Wendler Engineering Services dated 1/15/07 last revised 3/8/07 and attached hereto as Exhibit 'C', except as such plans may be changed to conform to Village Codes and Ordinances and the following conditions:
2. Any building not constructed by the Petitioner shall receive approval from Village Council prior to the issuance of a building permit.
3. A letter of credit in the amount of \$604,363.87 shall be submitted.
4. Review fees in the amount of \$19,229.76 shall be submitted.
5. All conditions of the Redevelopment Agreement shall apply.
6. The Landscape Plans shall be revised to include bike racks in a manner and location acceptable to the Director of Planning and Zoning.
7. All streetscape materials (street furniture, lighting, crosswalk, trash receptacles, fencing, planters and all other embellishments) shall conform to the Downtown Design Guideline.
8. All signage shall conform to the Village's Zoning regulations for the B-3 Central Business District and to the Downtown Design Guidelines except as such regulations imposed by the developer are more restrictive than the regulations of the Village. Final signage guidelines shall be submitted in a manner acceptable to the Director of Planning and Zoning.
9. If the proposed awnings over the storefronts would encroach upon the right-of-way, a license agreement shall be executed.
10. Commercial uses within the development shall conform to the Village's B-3 Central Business District standards except that up to 5,000 square feet of commercial area may be devoted to restaurant uses subject to the review and approval of the Village Council.
11. Signage for the public parking areas shall be revised in a manner acceptable to the Village Manager.

12. If a Phase 2 development is not under review at the time Phase 1 of the project is completed, all improvements to the Bothwell Street right-of-way shall be completed in a manner acceptable to the Village Manager.
13. A License Agreement for the stairwell in the right-of-way shall be executed in a manner acceptable to the Village Attorney.
14. MWRD and NPDES permits shall be submitted.
15. Final Declarations shall be submitted in a manner acceptable to the Village Attorney.
16. The Plat of Consolidation shall be revised to in a manner acceptable to the Director of Planning and Zoning.
17. The Final Plat of Consolidation shall be submitted on Mylar with all required signatures.
18. A Cross access easement for a possible future Phase 2 shall be provided in a manner acceptable to the Director of Planning & Zoning.
19. If development of Phase 2 is not initiated before the completion of Phase 1, the Petitioner shall provide a minimum of six (6) additional parking spaces within the adjacent Bothwell Street right of way. The design of the spaces shall be subject to review and approval of the Village Manager.

**SECTION 3:** That the petition for preliminary and final planned development, a copy of the public notice, be attached hereto and form a part of this ordinance.

**SECTION 4:** This ordinance shall be in full force and effect upon passage and approval as provided by law.

PASSED: This 16 day of April, 2007  
AYES: 6 NAYS: 0 ABSENT: 0 PASS: 0  
APPROVED by me this 16 day of April, 2007

**Mayor of the Village of Palatine**

ATTESTED and FILED in the office of the Village Clerk this 16 day of April, 2007

Village Stark

## **Exhibit B**

### **Legal Description - Phase I Property**

**P.I.N. 02-15-414-010** 36 West Wilson Street, Palatine, IL 60067

**P.I.N. 02-15-414-011** 35 West Wood Street, Palatine, IL 60067

- Lots 1, 2 and 8 in Block "B" in Town of Palatine, a Subdivision of the West 16 2/3 acres of the South 31 acres of the West 1/4 of the Southwest 1/4 of Section 15, and the Southeast 24 1/2 acres of the South 31 acres of the East 1/4 of the Southeast 1/4 of Section 15, Township 42 North, Range 10 East of the Third Principal Meridian in Cook County, Illinois.

**P.I.N. 02-15-414-012** 123 North Brockway, Palatine, IL 60067

- The North 1/2 of Lots 3 and 4 (except the East 45 feet thereof) in Block "B" in Palatine in Cook County, Illinois, according to the plat thereof recorded August 20, 1869 in Book 170 of Maps, Pages 94 and 95, as Document 23021 and rerecorded April 10, 1877 in Book 13 of Plats, Pages 3 and 4, as Document 129579, in Cook County, Illinois.

**P.I.N. 02-15-414-009** 44 West Wilson, Palatine, IL 60067

- Lot 7 in Block "B" in Palatine, being a subdivision by Joel Wood of part of the Southeast Quarter of Section 15, and part of the Southwest Quarter of Section 14, Township 42 North, Range 10, East of the Third Principal Meridian in Cook County, Illinois.

**P.I.N. 02-15-414-013** 55 West Wood Street, Palatine, IL 60067

- The East 45 Feet of the North 1/2 of Lot 3 in Block "B" in the Town of Palatine a Subdivision of the West 16 2/3 acres of the South 31 acres of the West 1/4 of the Southwest 1/4 of Section 14 and the Southeast 24 1/2 acres of the South 31 acres of the East 1/4 of the Southeast 1/4 of Section 15, Township 42 North, Range 10 East of the Third Principal Meridian in Cook County, Illinois according to the Plat thereof recorded August 20, 1877 in Book 13 of Plats pages 3 & 4 as Document No. 129579 in Cook County, Illinois.

**P.I.N.'s 02-15-414-002, 004, 007, 008** 56-58 West Wilson Street, Palatine, IL 60067

- The South 1/2 of Lots 3 and 4 and all of the Lots 5 and 6 in Block "B" in Palatine, in the East 1/2 of the Southeast 1/4 of Section 15, Township 42 North, Range 10, East of the Third Principal Meridian, according to the plat thereof recorded August 20, 1869 in Book 170 of Maps, Pages 94 and 95 as document 23021 and recorded April 10, 1877 in Book 13 of Plats, Pages 3 and 4 as document 129579 in Cook County, Illinois.

## ***Exhibit C***

### **Legal Description – Phase II Parking Garage Property**

**Lots Two (2), Three (3), Six (6) and Seven (7) in Block "C" in the Town of Palatine, Cook County, Illinois, according to the plat thereof recorded August 20, 1869 in Book 170 of maps at pages 94 and 95 as Document No. 29021 and rerecorded April 10, 1877 in Book 13 of plats at pages 3 and 4 as Document No. 129579.**

## ***Exhibit D***

### **Legal Description - Phase II Residential Property**

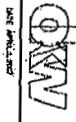
**All that part of Bothwell Street lying South of the South line of Wood Street and North of the North line of Wilson Street lying between Block "B" and Block "C" in the Town of Palatine, Cook County, Illinois, according to the plat thereof recorded August 20, 1869 in Book 170 of maps at pages 94 and 95 as Document No. 25021 and rerecorded April 10, 1877 in Book 13 of plats at pages 3 and 4 as Document No. 129579.**

***Exhibit E***

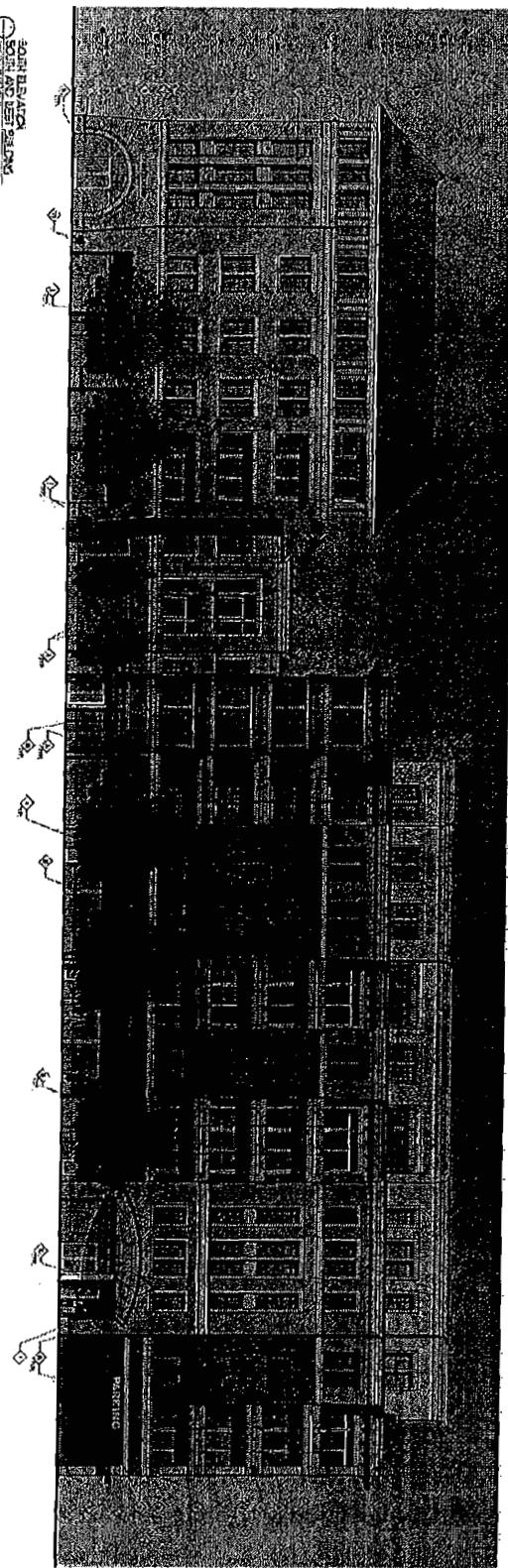
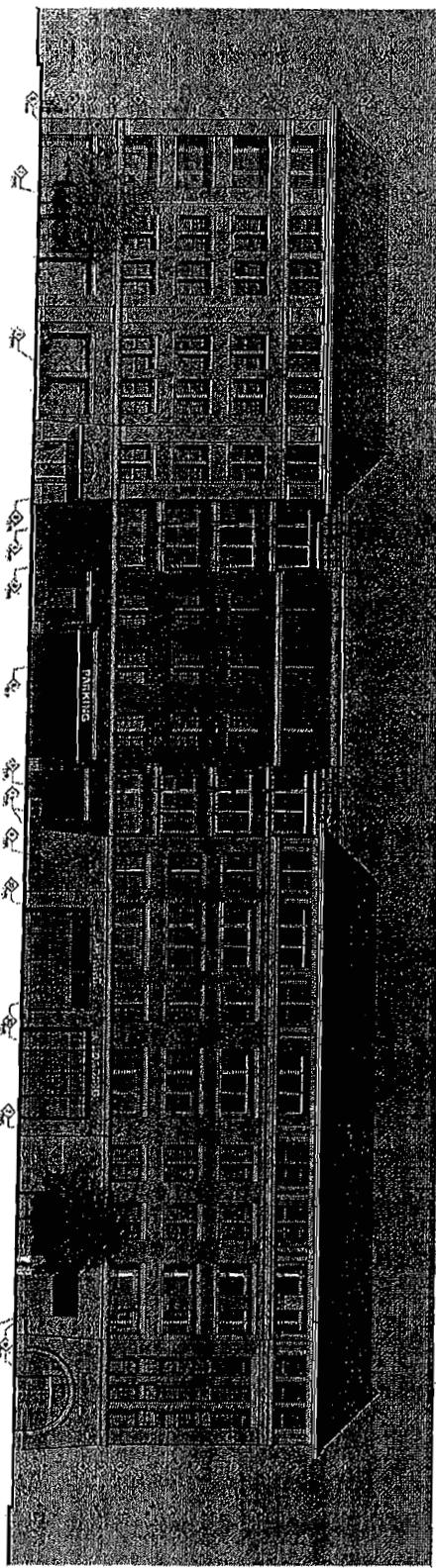
***Preliminary Plans***

PALATINE PLACE  
PALATINE, ILLINOIS

FOCUS DEVELOPMENT, INC.



OKW Associates, Inc.  
Project Manager

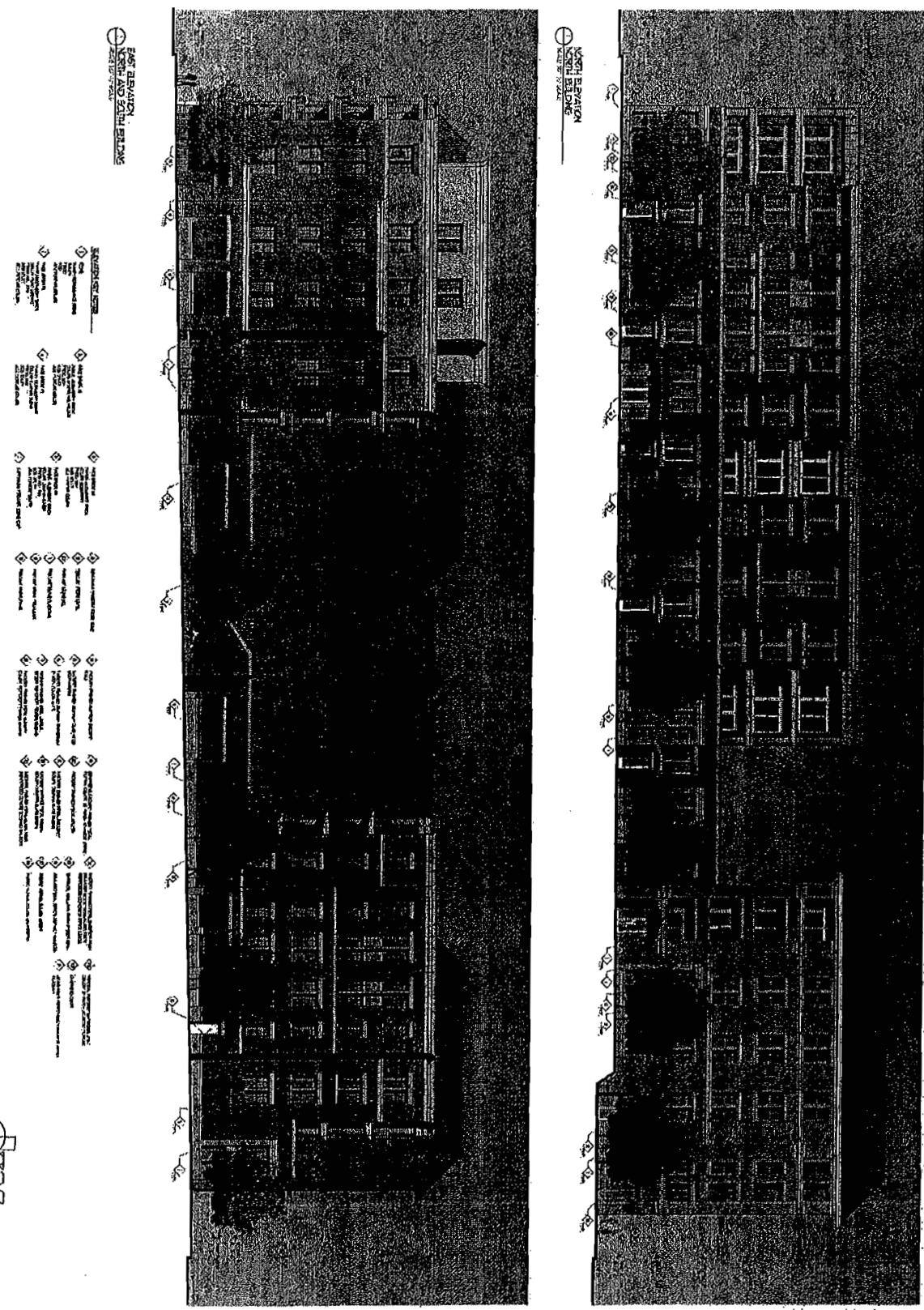


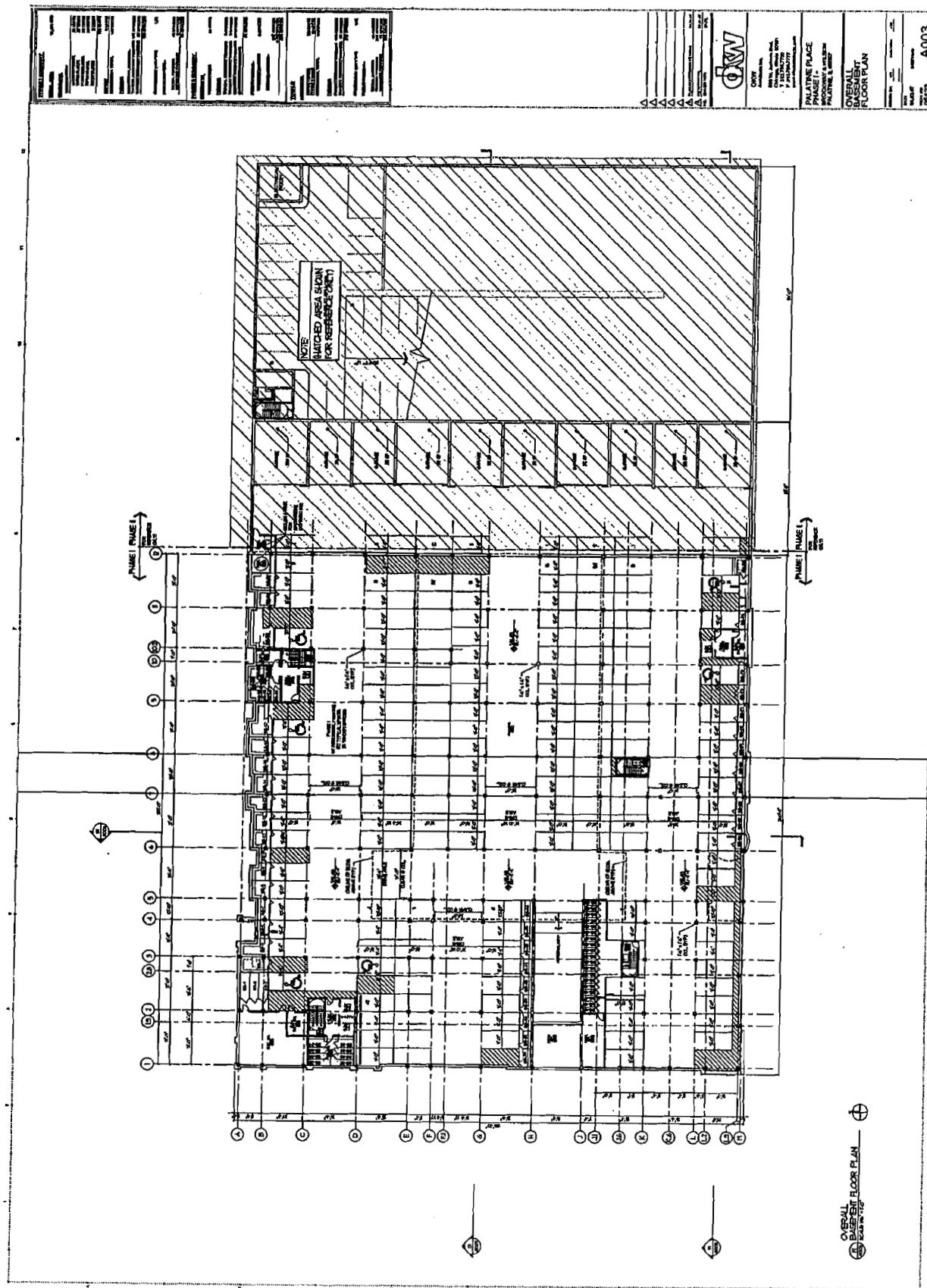
PALATINE PLACE  
PALATINE, ILLINOIS

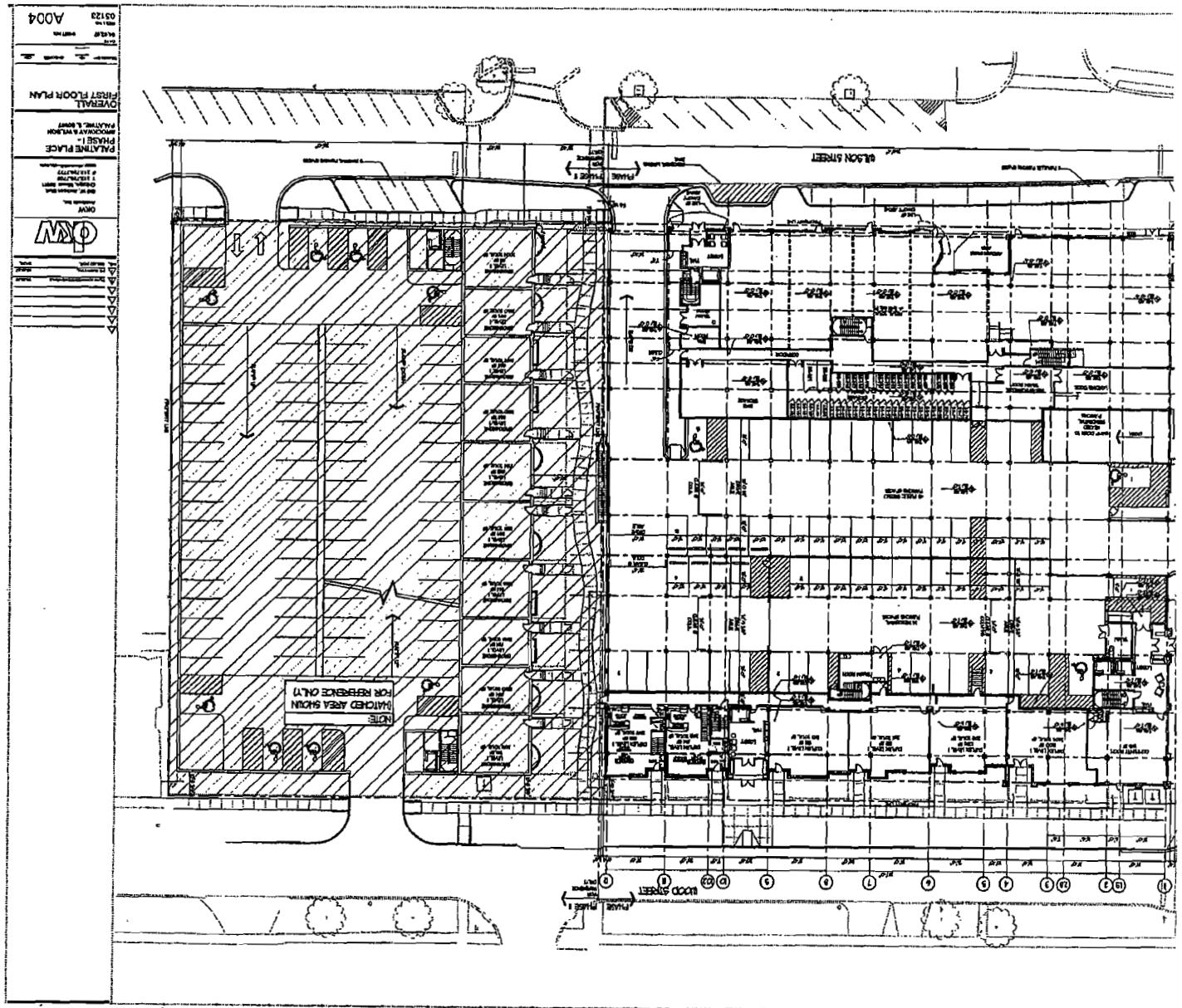
FOCUS DEVELOPMENT, INC.

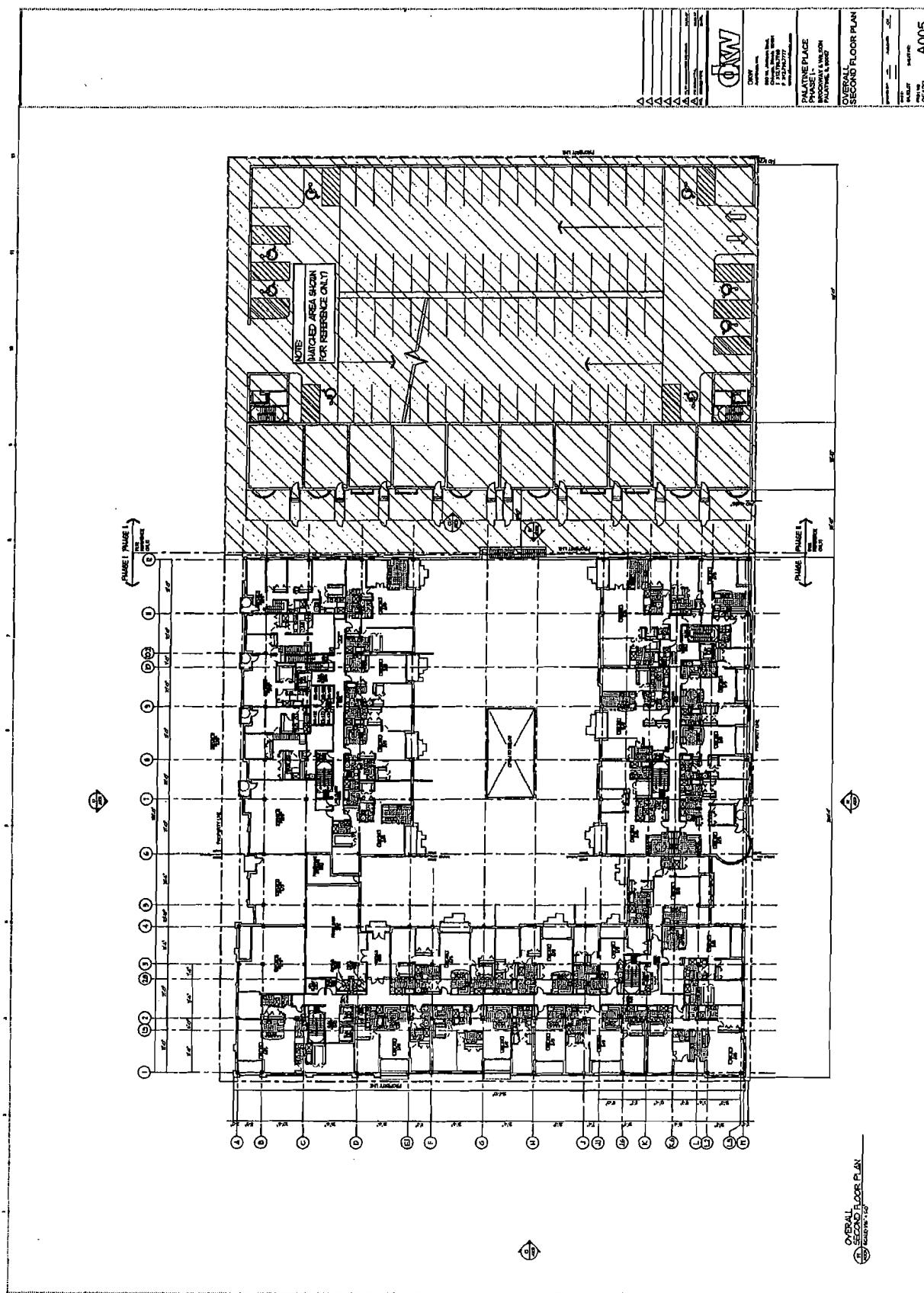


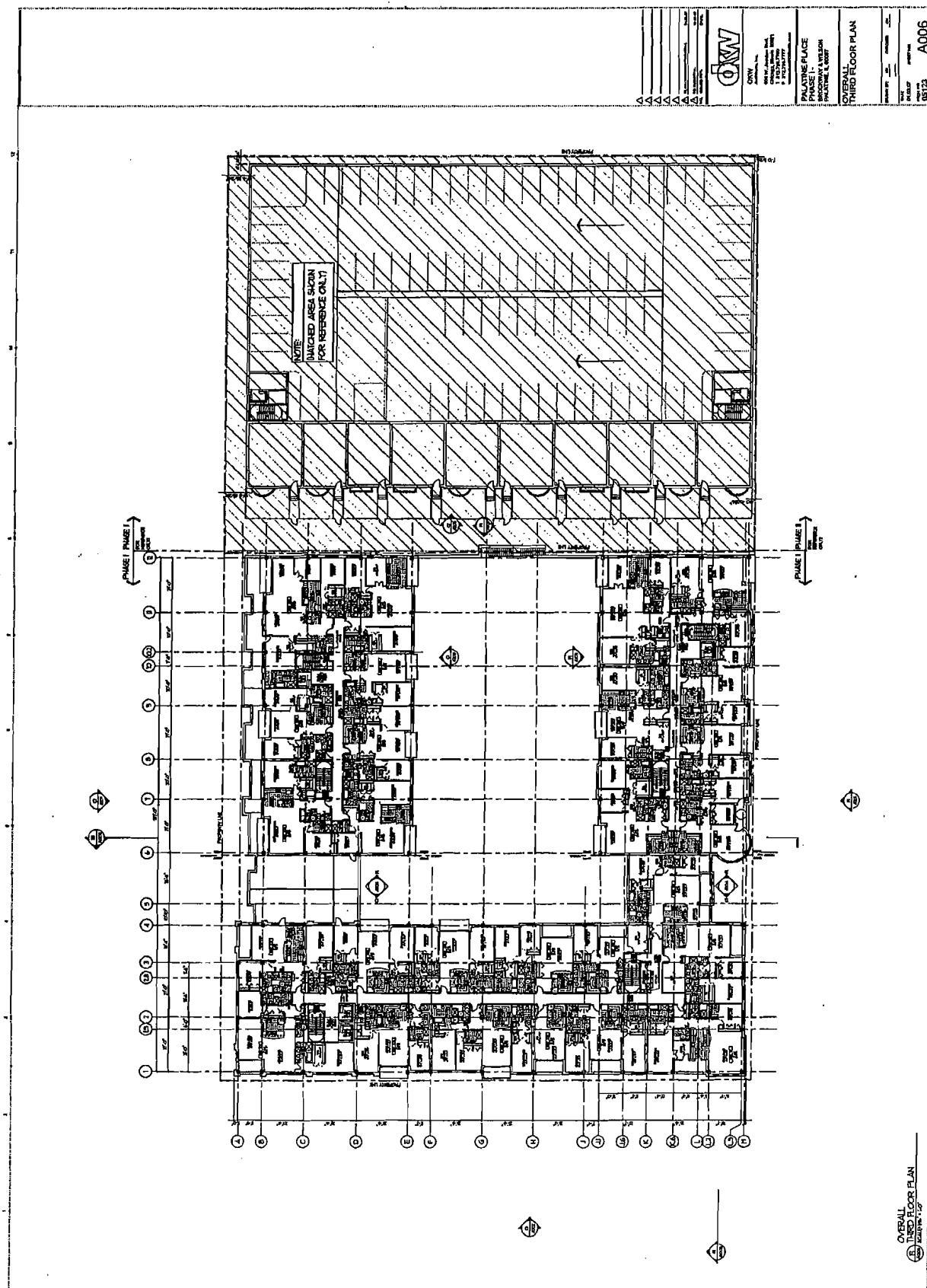
ORW Associates, Inc.  
PROJECT MANAGEMENT

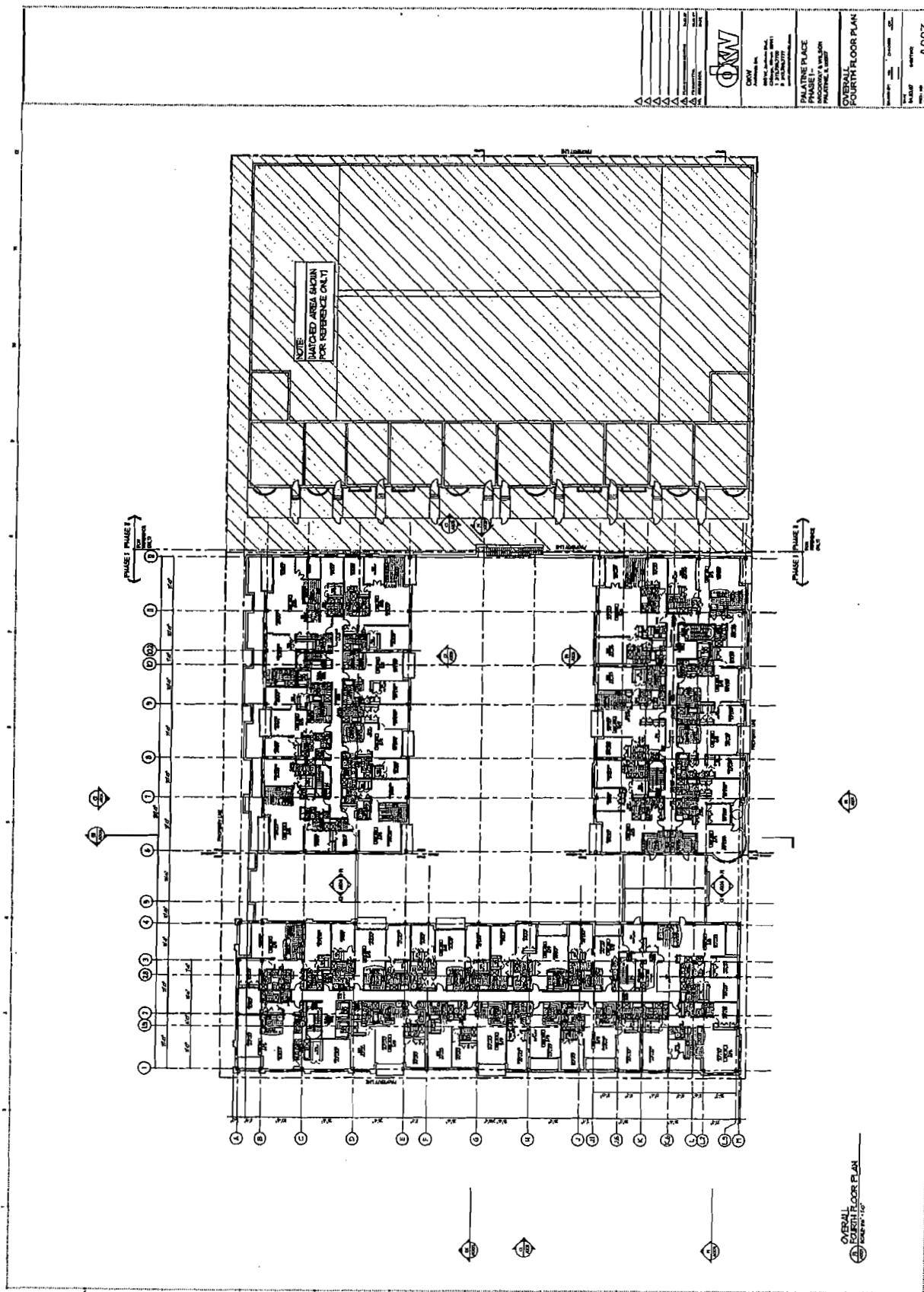


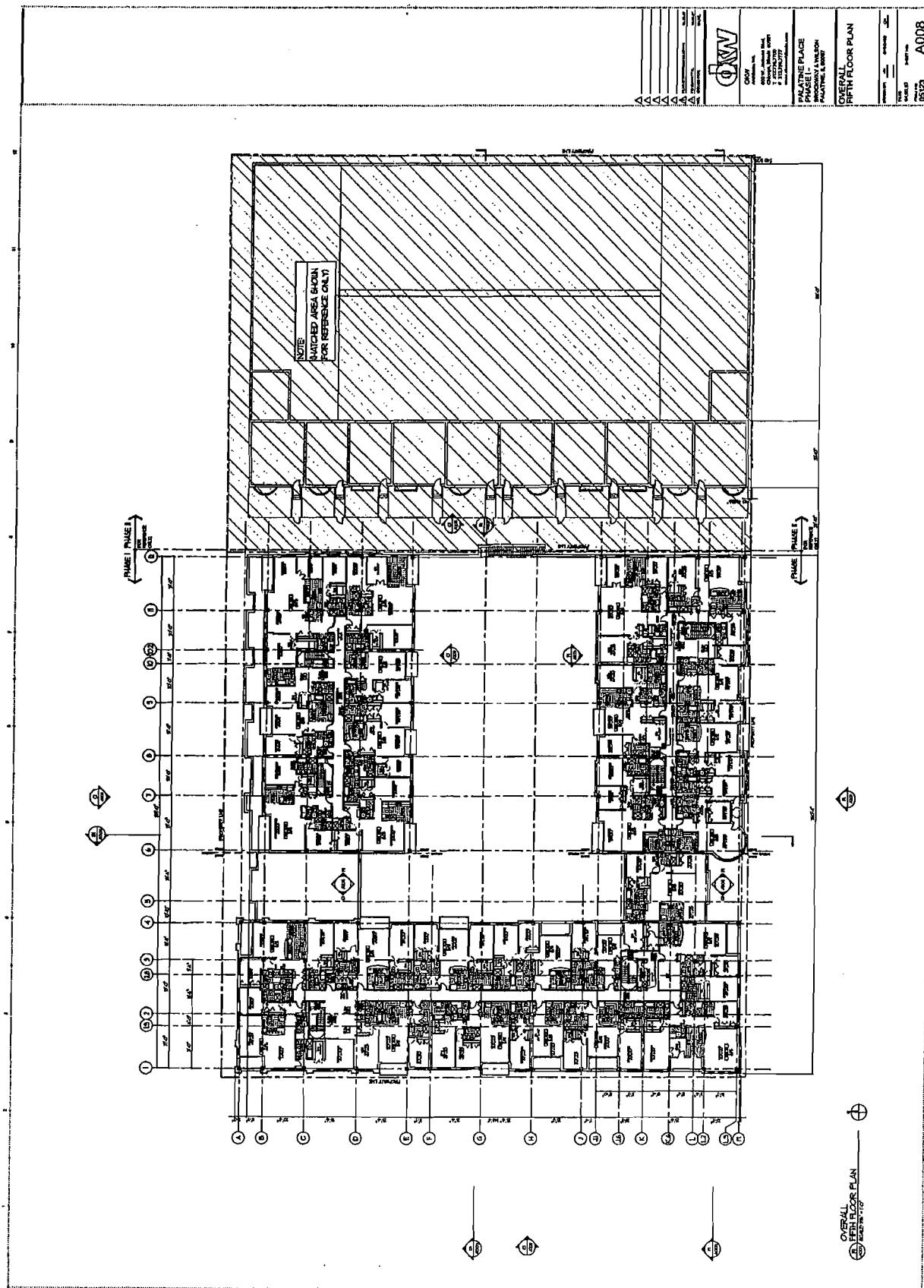


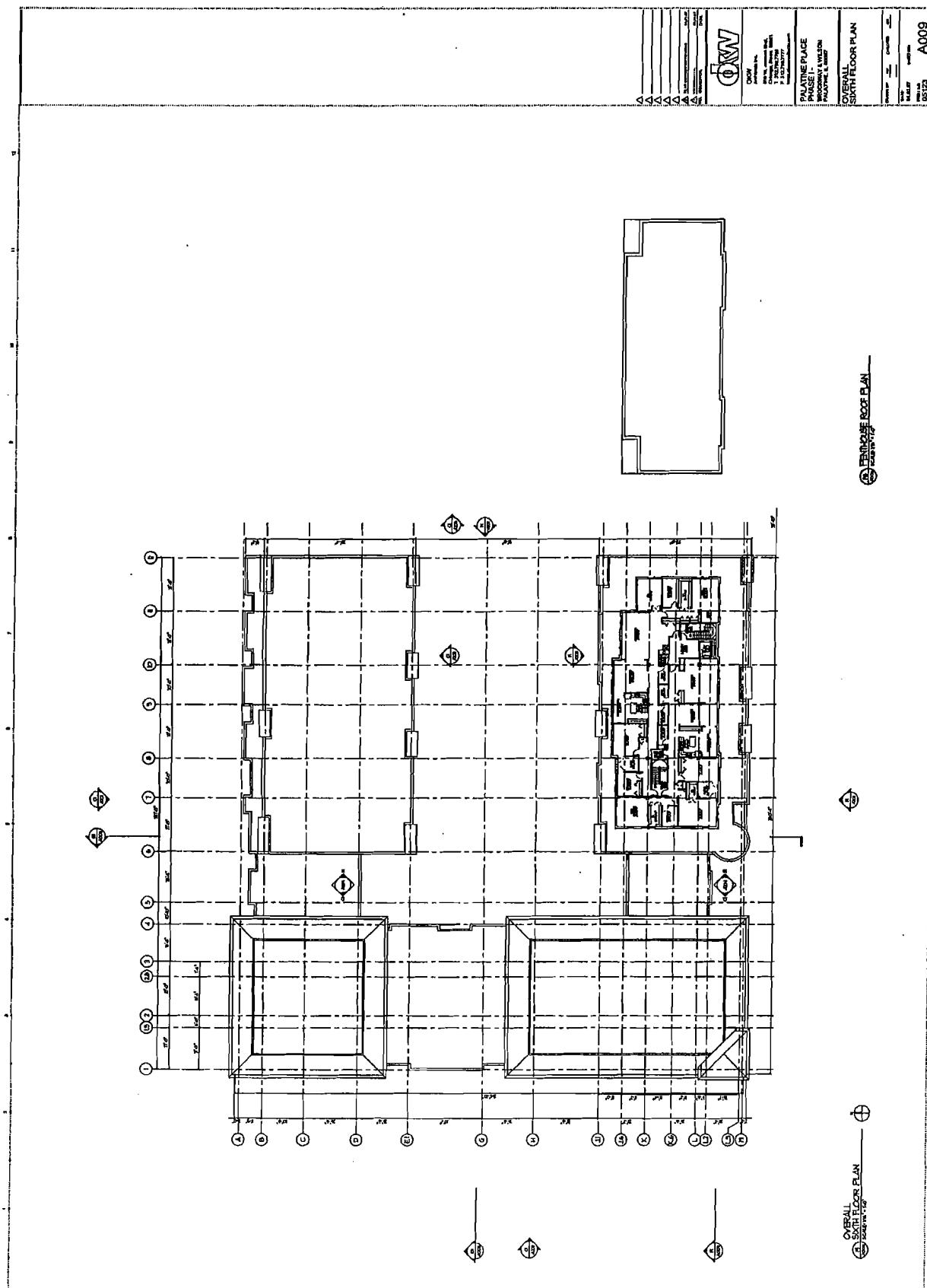












***Exhibit F***

**Off-Site Improvements**

**Off-Site Improvements**  
**Preliminary Engineer's Estimate**  
**Construction of Palatine Place**  
**Palatine, Illinois**  
**3/8/2007**

**SITE DEVELOPMENT-PUBLIC IMPROVEMENTS**

<b><u>DESCRIPTION</u></b>	<b><u>UNIT</u></b>	<b><u>QUANTITY</u></b>	<b><u>UNIT PRICE</u></b>	<b><u>SUBTOTAL</u></b>
Earthwork	CU YD	820	\$6.00	\$4,920.00
Concrete parking lot barrier curb	FOOT	480	\$16.00	\$7,680.00
Concrete curb type B-6.12	FOOT	388	\$14.00	\$5,432.00
Concrete depressed curb	FOOT	296	\$16.00	\$4,736.00
Concrete sidewalk	SQ FOOT	9270	\$5.00	\$46,350.00
Aggregate base course CA-6	TON	330	\$18.00	\$5,940.00
Hot-mix asphalt w/pcc base course	SQ YD	755	\$44.00	\$33,220.00
Portland cement concrete pavement	SQ YD	365	\$32.00	\$11,680.00
Fire hydrant complete	EACH	1	\$2,850.00	\$2,850.00
Catch basin, type C	EACH	1	\$1,750.00	\$1,750.00
Adjust catch basin rim	EACH	1	\$250.00	\$250.00
Reinforced concrete lid	EACH	0	\$250.00	\$0
Landscaping	SQ YD	480	\$25.00	\$12,000.00
Luminaire	EACH	5	\$2,750.00	\$13,750.00
Striping	LF	330	\$1.00	\$330.00
			<b>SUB-TOTAL :</b>	<b>\$150,888.00</b>
			<b>CONTINGENCY (15%) :</b>	<b>\$22,633.20</b>
			<b>OVERALL TOTAL :</b>	<b>\$173,521.20</b>

***Exhibit G***

**License Agreement**

LICENSE AGREEMENT

This LICENSE AGREEMENT ("Agreement") is made as of this 21<sup>st</sup> day of December, 2006, by and between VILLAGE OF PALATINE, an Illinois municipal home rule corporation ("Village") and Powers Development, Inc., an Illinois corporation (referred to as "Licensee").

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

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

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

C. Licensee wishes to receive, and Village wishes to grant a non-exclusive license to perform soil borings and Phase 1 and Phase 2 environmental studies on the Property prior to the parties possibly agreeing to terms of a Redevelopment Agreement.

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

1. Grant of License for Soil Tests and Phase 1 and Phase 2 Environmental Studies. Village hereby grants to Licensee, a non-exclusive license to perform all required soil borings and Phase 1 and Phase 2 environmental studies on the Property.

2. Term of License. The license granted hereunder shall commence on the date hereof and shall terminate (the "Termination Date") upon a breach of the terms hereof; or upon completion of the soil borings and environmental studies as deemed necessary by Licensee. Upon the occurrence of any of the events described in the preceding sentence, this License shall immediately expire.

3. License Only. This Agreement creates a license only and Licensee acknowledges that Licensee does not and shall not claim at any time any interest or estate of any kind or extent whatsoever in the Property by virtue of such license.

4. License for Access and Construction. In addition to the license created by this Agreement, this Agreement creates a license for access across the Property for the purpose of the soil borings and environmental studies. The term of the license for access shall terminate on the Termination Date.

5. Return of the Property. At the termination of Licensee's license, Licensee shall repair and restore the Property to its condition prior to the tests and studies being performed on the Property.

6. Payment for Services. The Licensee shall pay all contractors and sub-contractors for all work performed under this Agreement.

7. Code Compliance. During the term of this license, Licensee shall comply with all applicable laws, statutes, ordinances, codes, rules, regulations, orders and decrees. Further, Licensee shall obtain all required permits and approvals prior to commencing the soil borings and environmental studies.

8. Reservation of Rights by Village. The right to use the Property owned by the Village is expressly reserved by Village, its successors, grantees, invitees and assigns. In addition, and not by limitation but by way of example, Village, its successors, grantees, invitees and assigns, reserve the right from time to time to grant additional licenses upon the Property, provided that such licenses do not unreasonably interfere with Licensee's use of the Property pursuant to the terms hereof.

9. No Transfer by Licensee. Licensee shall not transfer any of its rights hereunder without the prior written consent of Village. Any such assignment made without the prior written consent of Village shall be null and void and of no further force or effect.

10. Indemnity. Licensee for and on behalf of itself and all successors, grantees, invitees and assigns, assumes sole and entire responsibility for any and all loss of life, injury to persons or damage to property that may be sustained directly or indirectly or arising out of the Licensee's entry on the property and soil boring and environmental study activities of the Licensee, its successors, grantees, invitees and assigns and all of their officers, directors, employees, representatives and agents.

11. Insurance.

A. Worker's Compensation Insurance. Licensee shall obtain coverage in compliance with the State of Illinois Worker's Compensation Act.

B. Employer's Liability Insurance. Licensee shall obtain occupational accident and disease protection for all employees not covered by the Worker's Compensation Act. The limits are for not less than \$500,000 for any one occurrence, or such higher limited necessary to satisfy the requirements of the umbrella liability insurance discussed below.

C. Public Liability Insurance. Licensee shall obtain coverage on an occurrence form basis with limits of not less than \$1,000,000 combined single limit without any annual aggregate limit or \$1,000,000 per occurrence with an annual aggregate limit of \$2,000,000 per location.

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

In the event any such lien is filed against any portion of the Property or any improvements thereon, Licensee shall remove or cause to be removed such lien within thirty (30) days of written notice from Village. In the event Licensee does not remove or cause to be removed such lien within said thirty (30) day period, Village shall have the right, but not the obligation, to cause such lien to be released and Licensee shall pay on demand all of Village's costs in connection therewith, together with interest thereon at the interest rate set forth in Paragraph 13 hereof, accruing from and after the date of such demand until Village's receipt of full payment therefor.

13. Code Violation. Licensee shall not permit any code violation to be filed against the Property as a result of Licensee's activities.

In the event Licensee does not remove or cause to be removed such code violation within said time period, Village shall have the right, but not the obligation, to cause such violation removed and Licensee shall pay on demand all of Village's costs in connection therewith.

14. Breach by Licensee. If Licensee breaches any provision in this Agreement and fails to take steps to cure any such breach within five (5) business after written notice thereof, in addition to any other right or remedy available at law or in equity, including but not limited to termination of this Agreement, the Village shall have the right, but not the obligation, to cure any such breach and Licensee agrees to reimburse Village for the cost thereof upon demand.

15. No Warranty. Village hereby makes and has made no representations, statements, warranties or agreements to Licensee in or in connection with this Agreement or the Property.

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

If to Village:

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

With copies to:

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

If to Licensee: *Focus Development Inc - 211 Waukegan Rd - Suite 220, Northfield, IL 60093*

With a copy to:

William Mitchell  
MELTZER PUNTILL & GROVE LLC  
1515 E WOODFIELD RD # 250  
SCHAUMBURG, IL 60173

17. Prevailing Party. In the event either party shall use legal counsel to enforce this Agreement, the non-prevailing party shall pay the legal fees of the prevailing party.

18. Binding on Successors. This Agreement shall be binding upon and shall inure to the benefit of the Village and the Licensee and the respective successors and permitted assigns of each upon execution hereof by the Village and the Licensee. Two (2) duly executed duplicate originals of this Agreement shall be provided to each party. This Agreement creates no rights as a third party beneficiary or otherwise in any person not a party.

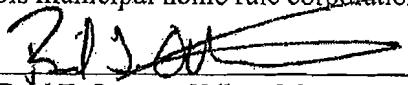
19. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall together constitute one and the same instrument.

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

VILLAGE:

VILLAGE OF PALATINE,

an Illinois municipal home rule corporation

By: 

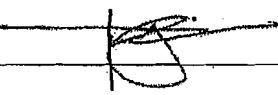
Reid T. Ottesen, Village Manager

Attest:   
Jennifer A. Paykowich  
Deputy Village Clerk

LICENSEE:

An Illinois Corporation

*Focus Development Inc.*

By: 

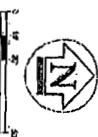
Printed Name: Timothy J. Anderson

Title: President

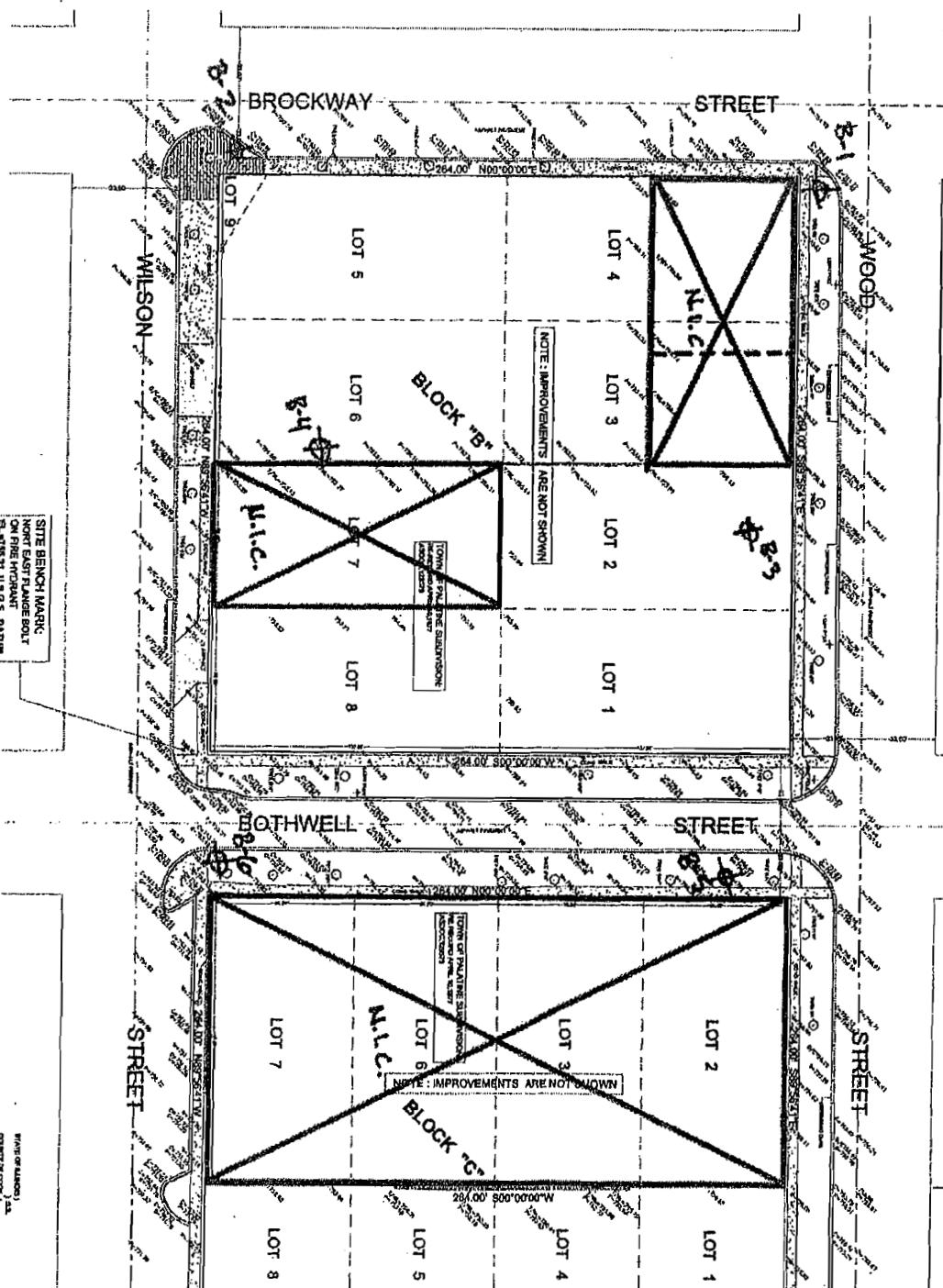
**PLAT OF TOPOGRAPHY**

**UNITED SURVEY SERVICE, LLC**  
CONSTRUCTION AND LAND SURVEYORS  
HIGH PERFORMANCE MEASURES AT NO EXTRA CHARGE

LOCATION:WOOD STREET,WILSON STREET, BROADWAY STREET,  
BOTHWELL STREET, PALATINE,ILLINOIS PART OF THE SOUTHEAST 1/4 OF THE  
SOUTHEAST 1/4 OF SECTION 15-42-10



## Plan of Prospects



OWNER BY NAME	
MURRAY BAKER	
MURRAY BAKER	
SCALE	1" = 20'
DATE	RECORDED 2001
FILE NO.	2006 - 16513
DATE	REVISION

ROY G. LARSEN, PROFESSIONAL ENGINEER AND REGISTERED ARCHITECT, MINNESOTA  
PROFESSIONAL DESIGNER, LICENSED IN THE STATE

***Exhibit H***

***Demolition License Agreement***

## LICENSE AGREEMENT

This LICENSE AGREEMENT ("Agreement") is made as of this \_\_\_\_ day of January, 2008, by and between **VILLAGE OF PALATINE**, an Illinois municipal home rule corporation ("Village") and Focus Development, Inc., an Illinois corporation (referred to as "Licensee").

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

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

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

C. Licensee wishes to receive, and Village wishes to grant a non-exclusive license to perform demolition on portions of the Village owned property prior to Closing.

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

1. Grant of License for Purposes of Allowing Demolition Activity on the Property. Village hereby grants to Licensee, a non-exclusive license to perform all authorized demolition activity pursuant to Article Six and Section 9.19 of the Amended and Restated Redevelopment Agreement between the Parties.

2. Limited Right to Demolition. The Parties acknowledge that, pursuant to the Amended and Restated Redevelopment Agreement between the Parties, Developer shall not demolish the Mia Cuccina property located at 56 W. Wilson Street unless and until the Developer closes on the Phase 1 Property. Demolition of the building that housed the Mia Cuccina Restaurant shall not occur until Developer is prepared to commence excavation for the Phase I Project.

3. Deadline to Complete Demolition. Developer shall commence demolition of the home located on the Covello Property and the church located on the Church Property and the other Initial Demolition Work (defined below). Developer shall complete Initial Demolition Work no later than March 31, 2008.

4. Reimbursement for Demolition. Developer shall be reimbursed by Village the costs of the Initial Demolition Work as provided in Section 9.19 of the Amended and Restated Redevelopment Agreement.

5. Term of License. The license granted hereunder shall commence on the date hereof and shall terminate (the "Termination Date") upon a breach of the terms hereof; or upon the date of Closing Upon the occurrence of any of the events described in the preceding sentence, this License shall immediately expire.

6. License Only. This Agreement creates a license only and Licensee acknowledges that Licensee does not and shall not claim at any time any interest or estate of any kind or extent whatsoever in the Property by virtue of such license.

7. License for Access and Construction. In addition to the license created by this Agreement, this Agreement creates a license for access across the Property for the purpose of the authorized demolition activities. The term of the license for access shall terminate on the Termination Date.

8. Return of the Property. At the termination of Licensee's license, Licensee shall repair and restore the Property to its condition prior to the tests and studies being performed on the Property.

9. Payment for Services. The Licensee shall pay all contractors and sub-contractors for all work performed under this Agreement.

10. Code Compliance. During the term of this license, Licensee shall comply with all applicable laws, statutes, ordinances, codes, rules, regulations, orders and decrees. Further, Licensee shall obtain all required permits and approvals prior to commencing the authorized demolition activities.

11. Reservation of Rights by Village. The right to use the Property owned by the Village is expressly reserved by Village, its successors, grantees, invitees and assigns. In addition, and not by limitation but by way of example, Village, its successors, grantees, invitees and assigns, reserve the right from time to time to grant additional licenses upon the Property, provided that such licenses do not unreasonably interfere with Licensee's use of the Property pursuant to the terms hereof.

12. No Transfer by Licensee. Licensee shall not transfer any of its rights hereunder without the prior written consent of Village. Any such assignment made without the prior written consent of Village shall be null and void and of no further force or effect.

13. Indemnity. Licensee for and on behalf of itself and all successors, grantees, invitees and assigns, assumes sole and entire responsibility for any and all loss of life, injury to persons or damage to property that may be sustained directly or indirectly or arising out of the Licensee's entry on the property and demolition activities of the Licensee, its successors, grantees, invitees and assigns and all of their officers, directors, employees, representatives and agents.

14. Insurance.

A. Worker's Compensation Insurance. Licensee shall obtain coverage in compliance with the State of Illinois Worker's Compensation Act.

B. Employer's Liability Insurance. Licensee shall obtain occupational accident and disease protection for all employees not covered by the Worker's Compensation Act. The limits are for not less than \$500,000 for any one occurrence, or such higher limited necessary to satisfy the requirements of the umbrella liability insurance discussed below.

C. Public Liability Insurance. Licensee shall obtain coverage on an occurrence form basis with limits of not less than \$1,000,000 combined single limit without any annual aggregate limit or \$1,000,000 per occurrence with an annual aggregate limit of \$2,000,000 per location.

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

In the event any such lien is filed against any portion of the Property or any improvements thereon, Licensee shall remove or cause to be removed such lien within thirty (30) days of written notice from Village. In the event Licensee does not remove or cause to be removed such lien within said thirty (30) day period, Village shall have the right, but not the obligation, to cause such lien to be released and Licensee shall pay on demand all of Villages costs in connection therewith, together with interest thereon at the interest rate not to exceed 6%, accruing from and after the date of such demand until Village's receipt of full payment therefor.

16. Code Violation. Licensee shall not permit any code violation to be filed against the Property as a result of Licensee's activities.

In the event Licensee does not remove or cause to be removed such code violation within said time period, Village shall have the right, but not the obligation, to cause such violation removed and Licensee shall pay on demand all of Village's costs in connection therewith.

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18. No Warranty. Village hereby makes and has made no representations, statements, warranties or agreements to Licensee in or in connection with this Agreement or the Property.

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

If to Village:

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

With copies to:

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

If to Licensee:

Focus Development, Inc.  
211 Waukegan Road, Suite 220  
Northfield, IL 60093

With a copy to:

William Mitchell  
Meltzer, Purtill & Steele, LLC  
1515 E. Woodfield Road, Suite 250  
Schaumburg, IL 60173

20. Prevailing Party. In the event either party shall use legal counsel to enforce this Agreement, the non-prevailing party shall pay the legal fees of the prevailing party.

21. Binding on Successors. This Agreement shall be binding upon and shall inure to the benefit of the Village and the Licensee and the respective successors and permitted assigns of each upon execution hereof by the Village and the Licensee. Two (2) duly executed duplicate originals of this Agreement shall be provided to each party. This Agreement creates no rights as a third party beneficiary or otherwise in any person not a party.

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

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

VILLAGE:

VILLAGE OF PALATINE,

an Illinois municipal home rule corporation

By: Reid T. Ottesen  
Reid T. Ottesen, Village Manager

Attest: Laura L. Raybon  
DEPUTY Village Clerk

LICENSEE:

Focus Development Inc., An Illinois Corporation

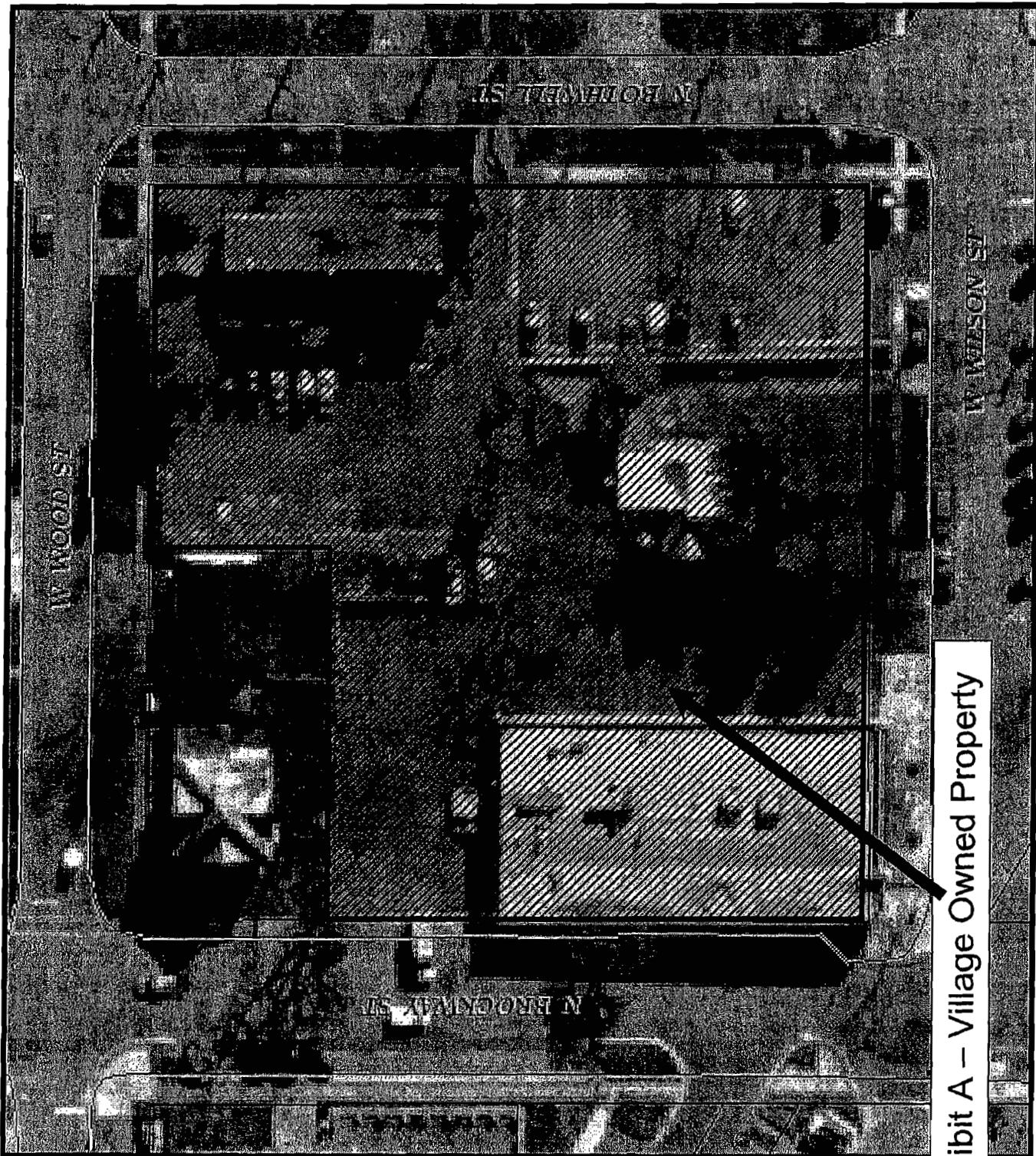
By: Timothy J. Anderson  
Printed Name: Timothy J. Anderson  
Title: President

Execution Version  
01-23-08

**EXHIBIT A**

**Plan of Property**

\SFB\1\Vol1\HOME\RCK\PALATINE\ Downtown Redevel & TIF\Focus License Agreement 01-24-08.doc



**EXHIBIT I**  
**DEVELOPMENT SCHEDULE**

Action	Target Date	Default Date	Penalty Amount
Apply for Planned Development Approval	3/13/07	6/11/07	
Commence Phase II Environmental Field Work	4/2/07	7/1/07	
Complete Phase II Environmental Field Work	4/16/07	7/15/07	
Complete review and analysis of Phase II Environmental results and action plan	4/30/07	7/29/07	
Apply for Building Permit	6/1/07	8/30/07	\$25,000
Submit construction financing commitment and development budget	1/14/08	4/14/08	
Commence Environmental Remediation	1/14/08	4/14/08	
Commence Initial Demolition <sup>1</sup>	1/30/08	4/29/08	
Obtain Building Permit	2/20/08	5/20/08	\$25,000
Commence Foundation Construction	2/29/08	5/30/08 <sup>2</sup>	
Complete Environmental Remediation	4/15/08	7/14/08 <sup>2</sup>	
Complete Foundation Installation	6/16/08	9/15/08 <sup>2</sup>	
Commence Vertical Construction	6/17/08	9/16/08 <sup>2</sup>	\$100,000
Complete Shell and Core	3/19/09	6/17/09 <sup>2</sup>	\$200,000
Complete Development, Final Unit C of O	9/16/09	12/15/09	\$250,000

Footnotes:

<sup>1</sup> Initial Demolition shall include only demolition of the properties at 44 W. Wilson Street and 35 W. Wood Street.

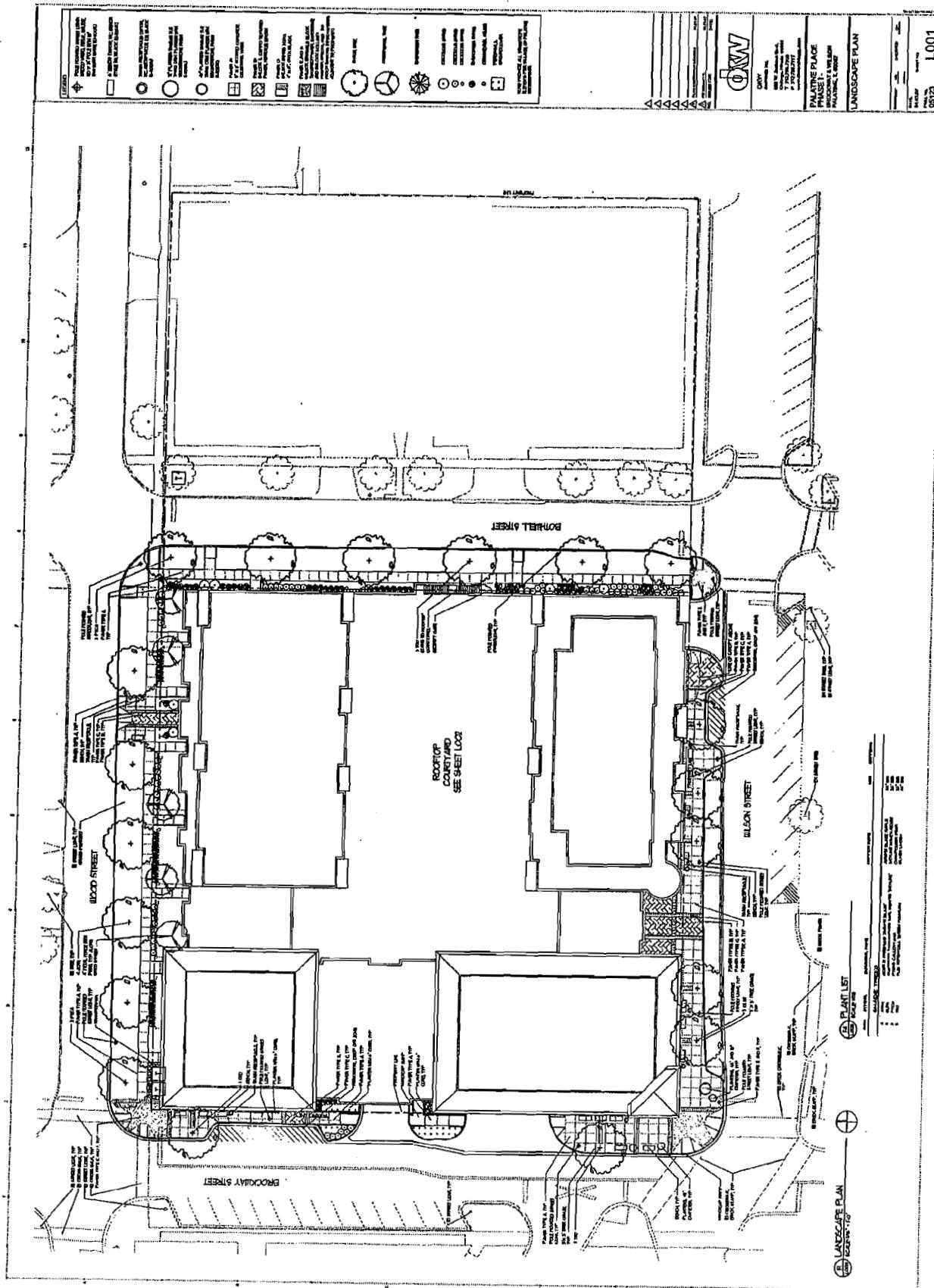
<sup>2</sup> Default dates subject to extensions pursuant to Section 7.1, if any.

***Exhibit J***

**Permitted Exceptions**

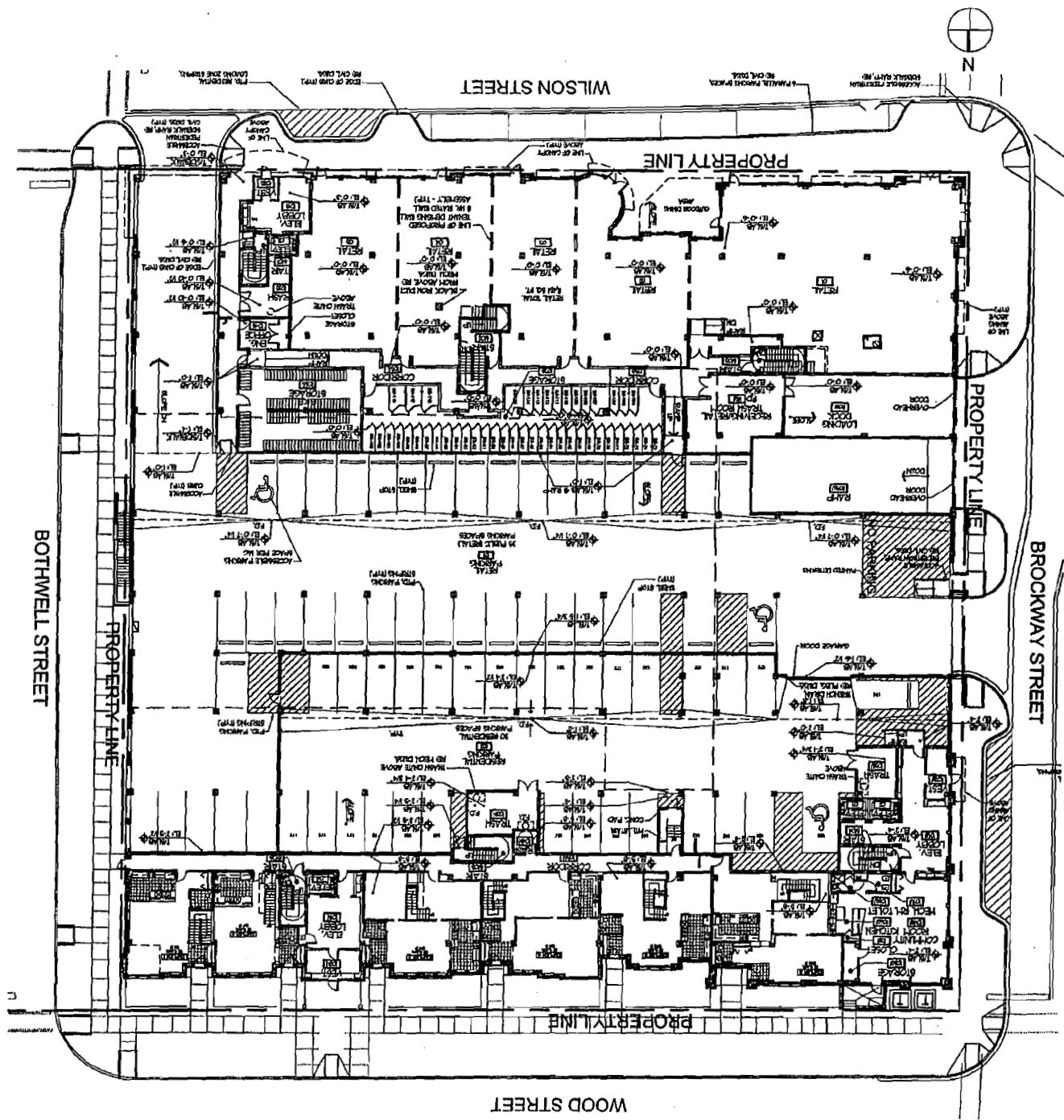
***Exhibit K***

**Landscape Plan**



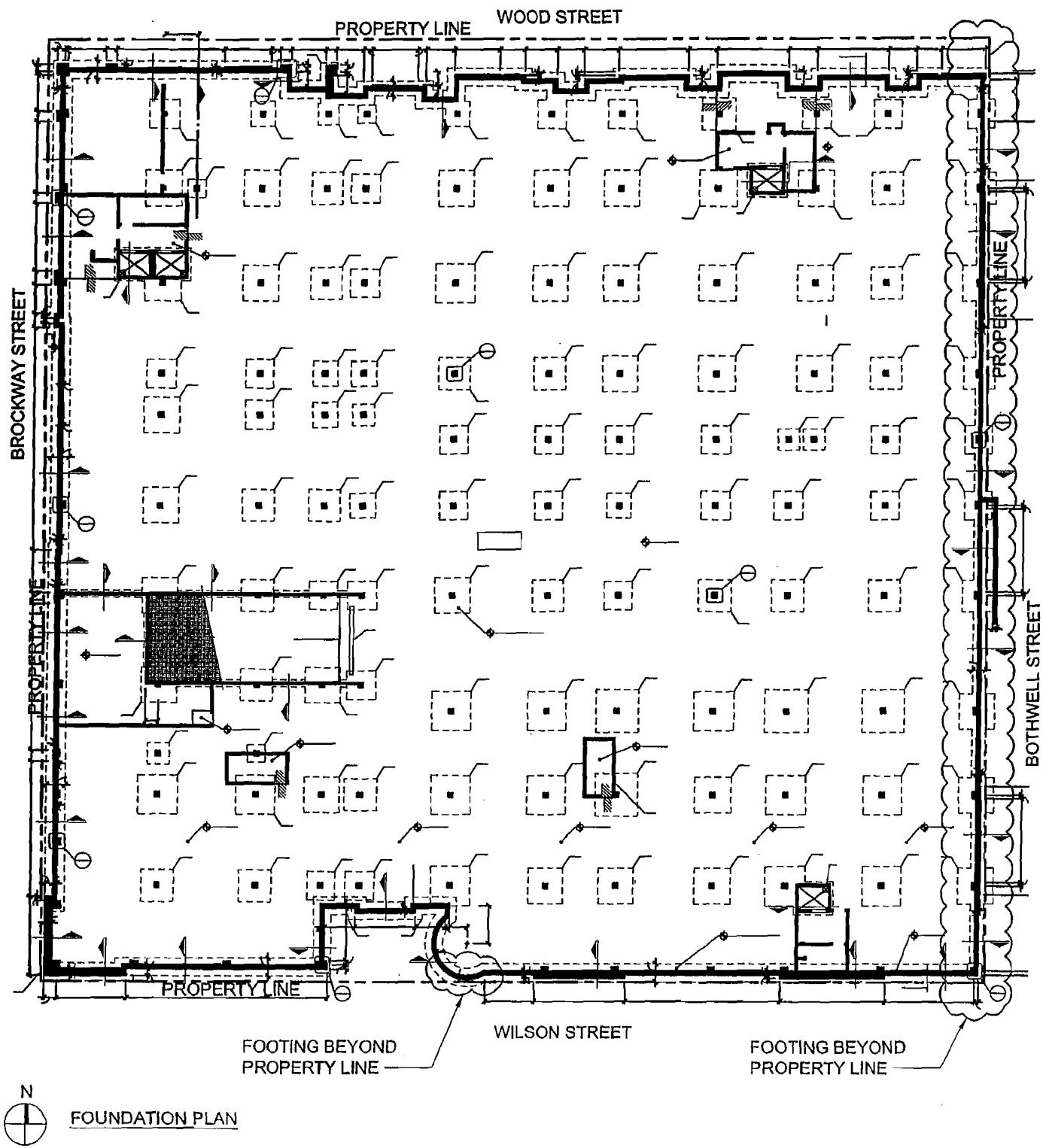
***Exhibit L***

**Easement & License Depiction**



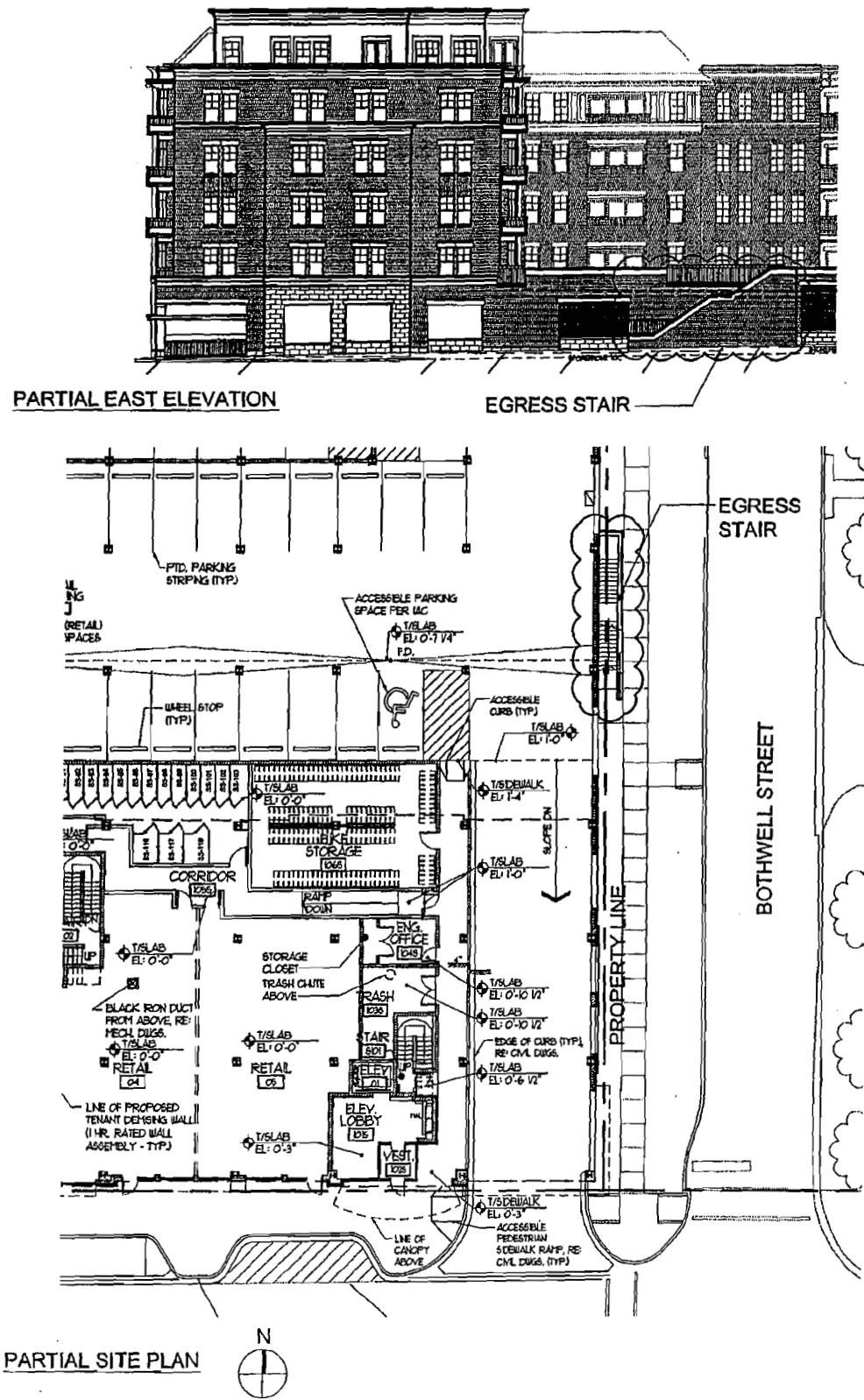
## SITE PLAN

## FOUNDATION EASMENT





## STAIRWAY EASEMENT





Doc#: 0812049065 Fee: \$56.00  
Eugene "Gene" Moore  
Cook County Recorder of Deeds  
Date: 04/29/2008 10:53 AM Pg: 1 of 11

**ORDINANCE NO. 0-34-08**

**ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE A FIRST AMENDMENT TO  
REDEVELOPMENT AGREEMENT BETWEEN THE VILLAGE OF PALATINE AND  
R. FRANCZAK & 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  
(THE HERITAGE CONDOMINIUM AND BROWNSTONE DEVELOPMENT)**

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

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 March 17, 2008**

ORDINANCE NO. 0-34-08

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE A FIRST AMENDMENT  
TO REDEVELOPMENT AGREEMENT BETWEEN THE VILLAGE OF PALATINE AND  
R. FRANCZAK & 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  
(THE HERITAGE 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, pursuant to Ordinance #0-138-06, the Village of Palatine entered into a Redevelopment Agreement with R. Franczak & Associates, Inc., dated August 7, 2006, for 48, 56, & 64 S. Greeley, 149 W. Johnson Street, and 37 – 61 (odd #s) Smith Street in Downtown Palatine; and**

**WHEREAS, the Mayor and Village Council have on March 17, 2008, considered the proposed First Amendment to 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.**

**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 17 day of March, 2008

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

APPROVED by me 17 day of March, 2008

  
\_\_\_\_\_  
**Jim Palenik**  
Mayor of the Village of Palatine

**ATTESTED and FILED in the office of the Village Clerk**

This 17 day of March, 2008

Margaret Bent  
Village Clerk

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 an Ordinance passed and adopted by the Village Council of the Village of Palatine at a Regular meeting held on the 17 day of March, 2008, and that said ordinance was deposited and filed in the office of the Village Clerk on the 17 day of March, 2008.

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: 5      NAYS: 0      ABSENT: 1      PASS: 0

BY WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the Village of Palatine this 3 day of April, 2008.

(S E A L)

  
Margaret R. Duer  
Palatine Village Clerk

**FIRST AMENDMENT TO**  
**REDEVELOPMENT AGREEMENT**

THIS FIRST AMENDMENT TO REDEVELOPMENT AGREEMENT (this "Amendment"), is made and entered into as of the 17 day of March 2008 ("Amendment Date") by and between the VILLAGE OF PALATINE, ILLINOIS, an Illinois municipal home rule corporation, located in Cook County, Illinois (the "Village"), and R. FRANCZAK & 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, 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 7<sup>th</sup> day of August, 2006 ("the Redevelopment Agreement"); and

**WHEREAS**, the parties wish to amend the Redevelopment Agreement, approved per ordinance 0-138-06, 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 Board of Directors of the Developer for consideration and review, the Board has taken all actions required to be taken prior to the execution of this Agreement in order to make the same binding upon R. Franczak & Associates, Inc. according to the terms hereof, and any and all action of the Board of Directors 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

### AMENDED EXHIBIT "C"

Exhibit "C" entitled "Development Schedule" shall be replaced in its entirety with the new attached Exhibit "C".

## 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 reinstated 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: Mayor

ATTEST:

  
By: Village Clerk

R. Franczak Associates, Inc.

  
By: RAY FRANCZAK  
Its: PRESIDENT

**EXHIBIT C**  
**DEVELOPMENT SCHEDULE**

<b>EXHIBIT C</b> <b>DEVELOPMENT SCHEDULE</b>				
<b>ACTION:</b>	<b>TARGET DATE:</b>	<b>DEFAULT DATE:</b>	<b>PENALTY:</b>	
Obtain Final PUD Approval	August 31,2006	November 30, 2006	\$10,000	
Close on remaining properties	November 30, 2006	April 30, 2007	\$25,000	
Demo Buildings				
Clear Site				
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	July 31, 2008	October 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	

C:RCK\1<sup>st</sup> Amendment to RDA 2-28-08



0832355006

Doc#: 0832355006 Fee: \$58.00  
Eugene "Gene" Moore  
Cook County Recorder of Deeds  
Date: 11/18/2008 11:12 AM Pg: 1 of 12

**ORDINANCE NO. 0-144-08**

**AN ORDINANCE AUTHORIZING THE MAYOR  
TO EXECUTE THE FIRST AMENDMENT TO REDEVELOPMENT AGREEMENT  
FOR MINT JULEP BISTRO, INC. FOR 53 & 55 W. SLADE STREET**

Pin: 02-15-430 -001

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 October 20, 2008**

ORDINANCE NO. 0-144-08

AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE  
THE FIRST AMENDMENT TO REDEVELOPMENT AGREEMENT BETWEEN  
THE VILLAGE OF PALATINE AND MINT JULEP BISTRO, INC.  
FOR PROPERTY IN DOWNTOWN PALATINE  
53 & 55 W. SLADE 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, pursuant to Ordinance #0-207-07, the Village of Palatine entered into a Redevelopment Agreement with Mint Julep Bistro, Inc. dated December 10, 2007, for the property located at 53 & 55 W. Slade Street) in Downtown Palatine; and

WHEREAS, the Mayor and Village Council have on October 20, 2008, considered the proposed First Amendment to Redevelopment Agreement with Mint Julep Bistro, Inc., and have determined that entering into this Agreement

furthersthe purposes of the Tax Increment Financing District and the  
Redevelopment Plan for Downtown and furthersthe public interest.

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 20 day of October, 2008

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

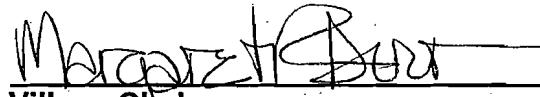
APPROVED by me 20 day of October, 2008



\_\_\_\_\_  
Mayor of the Village of Palatine

ATTESTED and FILED in the office of the Village Clerk

This 20 day of October, 2008



\_\_\_\_\_  
Village Clerk

FIRST AMENDMENT TO  
REDEVELOPMENT AGREEMENT

THIS FIRST AMENDMENT TO REDEVELOPMENT AGREEMENT (this "Amendment"), is made and entered into as of the 20 day of October, 2008, by and between the **Village of Palatine, Illinois, an Illinois municipal home rule corporation** located in Cook County, Illinois ("Village") **and Mint Julep Bistro, Inc., an Illinois Corporation** ("Mint Julep"). The Village and Mint Julep are sometimes referred to individually as a "Party" and collectively as the "Parties".

R E C I T A L S

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

WHEREAS, the Village has the authority, pursuant to the laws of the State of Illinois, to promote the health, safety and welfare of the Village and its inhabitants, to prevent the presence of blight, to encourage private development in order to enhance the local tax base, to increase additional tax revenues realized by the Village, foster increased economic activity within the Village, to increase employment opportunities within the Village, and to enter into

contractual agreements with third parties for the purpose of achieving the aforesaid purposes, and otherwise be in the best interests of the Village; and

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

WHEREAS, the parties hereto previously entered into that certain Redevelopment Agreement dated as of the 10 day of Dec., 2007 and recorded on February, 28, 2008 (the "Original Redevelopment Agreement"); and

WHEREAS, the parties now wish to amend section 2.2 of the Original Redevelopment Agreement as provided herein below; and

WHEREAS, the terms of the Original Redevelopment Agreement shall remain in full force and effect and the terms of the Original Redevelopment Agreement except with respect to Section 2.2 therein; 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 Amendment has been submitted to the directors of Developer and manager of the Developer's Assignee for consideration and

review, the directors and manager have taken all actions required to be taken prior to the execution of this Amendment in order to make the same binding upon the Developer and Developer's Assignee according to the terms hereof, and any and all action of the directors of the Developer and manager of the Developer's Assignee precedent to the execution of this Amendment have been undertaken and performed in the manner required by law.

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

## ARTICLE ONE

### 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, Developer's Assignee 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, unless the context clearly requires otherwise, words and terms used in this Amendment shall have the meanings provided in the Original Redevelopment Agreement.

## ARTICLE THREE

### CANCELLATION - SECTION 2.2

Section 2.2 of the Redevelopment Agreement shall be replaced in its entirety with the following provision:

**2.2 Payment of TIF Benefit** Subject to Mint Julep establishing that its costs to remodel are TIF eligible expenses under the Act, subject to Mint Julep providing the Village with proof of payment in a form satisfactory to the Village as set forth in Section 2.1 above, and subject to the Restaurant open and operating for the prior year, barring uncontrollable circumstances, the Village shall pay to Mint Julep a total amount not to exceed forty thousand (\$40,000.00) dollars as follows.

Ten thousand (\$10,000.00) dollars shall be paid not more than thirty (30) days after the Restaurant opens for business. The remaining TIF assistance of not more than thirty (\$30,000.00) thousand dollars shall not be paid to Mint Julep unless and until:

1) the Restaurant was open and operating for the prior year, barring uncontrollable circumstances; and 2) Mint Julep establishes to the Village's satisfaction, via copies of all actual paid invoices, associated waivers of liens, receipts and other proof of remodeling payments, incurred by Mint Julep, In the event that evidence of all TIF

eligible expenses are not provided to the Village prior to December 31, 2008, Mint Julep shall not be entitled to any reimbursement of any TIF eligible expenses and this Agreement shall be null and void.

Said TIF payment by the Village to Mint Julep shall be made annually on a "pay as you go" basis. The amount of the annual TIF Assistance payments made by the Village to Mint Julep shall be equal to fifty percent (50%) of the annual combined food and beverage sales taxes received by the Village from the Restaurant during the preceding year. No later than May 31<sup>st</sup> of each year, the Village shall reimburse Mint Julep on the basis of fifty (50%) percent of the annual combined food and beverage sales tax received by the Village in the preceding year from the Restaurant as the TIF Assistance until Mint Julep has received not more than Forty Thousand (\$40,000.00) Dollars in total TIF reimbursement, subject to Mint Julep having spent sufficient TIF Eligible Expenses under the Act to justify said amount for TIF Reimbursement, and also subject to Mint Julep being open and operating for the prior year, subject to uncontrollable circumstances. Prior to and as a condition of payments set forth in this Section, Mint Julep shall submit actual receipts evidencing payment of up to or in excess of forty thousand (\$40,000.00) dollars of TIF Eligible Expenses under this Agreement. Prior to payment of Incremental Property Taxes to Mint Julep, Mint Julep agrees to provide the financial information requested by the Village for the Village to determine the amount of funds to be provided. This Agreement shall not constitute a debt of the Village within the meaning of any constitutional statutory provision or limitation. Because the Special Tax Allocation Fund is a special fund, the aforesaid deposits into the Special Tax Allocation Fund

shall not be subject to the appropriation process of the Corporate Authorities of the Village and the amounts deposited therein shall be disbursed in accordance with this Agreement without further action of the Corporate Authorities.

## ARTICLE FOUR

### MISCELLANEOUS PROVISIONS

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

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

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

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

4.5        Successors in Interest. This Amendment shall be binding upon and inure to the benefit of the Parties hereto and their respective authorized successors and assigns.

4.6        No Joint Venture, Agency or Partnership Created. Nothing in this Amendment, or any actions of the Parties to this Amendment, shall be construed

by the Parties or any third person to create the relationship of a partnership, agency or joint venture between or among such parties.

4.7        No Personal Liability of Officials of Village or Developer. No covenant or agreement contained in this Amendment shall be deemed to be the covenant or agreement of the Mayor, Village Council member, Village Manager, any official, officer, partner, member, director, 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.

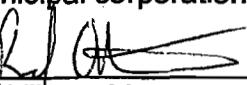
4.8        Term. This Amendment shall remain in full force and effect for twenty-three (23) years from the date the Downtown Redevelopment Project Area was created, unless the Redevelopment Plan with respect to the Redevelopment Project is extended or until termination of the Redevelopment Project Area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

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

4.10 Conflicts. Wherever the terms and conditions of this Amendment conflict with the terms and conditions of the Redevelopment Agreement between the Parties, the terms and conditions of this Agreement shall control and govern.

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

VILLAGE OF PALATINE, an Illinois  
municipal corporation

  
By: Village Manager

ATTEST:

  
By: Village Clerk DEPUTY

DEVELOPER:

Mint Julep Bistro, Inc.

By: Kathleen Noff  
Name: KATHLEEN NOFF  
Its: OWNER

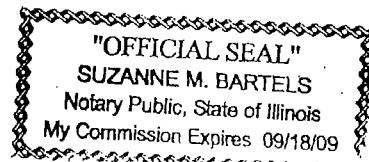
STATE OF ILLINOIS )  
COUNTY OF Cook )  
 ) SS

I, SUZANNE M. BARTELS, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Kathleen Noffz, of Mint Julep Bistro, Inc., Inc., an Illinois corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said Mint Julep Bistro, Inc., for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 24th day of October,  
2008. 

Suzanne M Bartels  
Notary Public

My commission expires 9-18-09





09056655012

Doc#: 09056655012 Fee: \$166.01  
Eugene "Gene" Moore  
Cook County Recorder of Deeds  
Date: 02/25/2009 10:29 AM Pg: 1 of 68

**ORDINANCE NO. 0-187-08**

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE A  
REDEVELOPMENT AGREEMENT BETWEEN THE VILLAGE OF PALATINE  
AND FSKS PROPERTIES LLC FOR PROPERTY IN  
DOWNTOWN PALATINE 35 W. SLADE STREET**

Pin 02-15-430-006

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 15, 2008**

ORDINANCE NO. 0-187-08

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE  
A REDEVELOPMENT AGREEMENT BETWEEN THE VILLAGE OF PALATINE  
AND FSKS PROPERTIES LLC  
FOR PROPERTY IN DOWNTOWN PALATINE  
35 W. SLADE 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 Mayor and Village Council have on December 15, 2008, considered the proposed Redevelopment Agreement with FSKS PROPERTIES LLC and have determined that entering into this Agreement furthers the purposes of the Tax Increment Financing District and the Redevelopment Plan for Downtown and furthers the public interest; and**

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

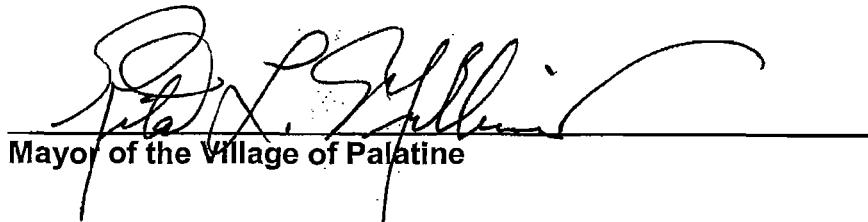
**SECTION 1:** The Village of Palatine hereby authorizes the Mayor to execute the Redevelopment Agreement that substantially conforms to Exhibit "A" attached hereto, pursuant to the Tax Increment Financing Act, Section 65 ILCS 5/11-74/4-4(c) and authorizes the Mayor to execute any other supporting documents 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 December, 2008

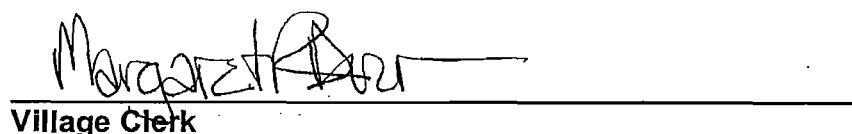
AYES: 6 NAYS: 0 ABSENT: 0 PASS: 0

APPROVED by me this 15 day of December, 2008



\_\_\_\_\_  
Mayor of the Village of Palatine

ATTESTED and FILED in the office of the Village Clerk this 15 day of  
December, 2008



\_\_\_\_\_  
Village Clerk

12-10-08 revisions to  
10-15-08 revisions to  
09-30-08  
Kenny Draft

**REDEVELOPMENT AGREEMENT**

**THIS REDEVELOPMENT AGREEMENT** (this "Agreement"), is made and entered into as of the 15 day of Dec, 2008 by and between the **VILLAGE OF PALATINE, ILLINOIS**, an Illinois municipal home rule corporation, located in Cook County, Illinois (the "Village"), and **FSKS Properties, LLC**, an Illinois limited liability company, (sometimes "FSKS" and sometimes "Owner"), and Frank T. Patzke, an individual ("Patzke"). (The Village, FSKS and Patzke 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**, FSKS represents and warrants to Village that FSKS, and its principals, are able to provide the Project with the necessary skill, knowledge and expertise as well as input from other experts and consultants in the remodeling of the Project; and

**WHEREAS**, FSKS desires to lease the top floor to FP Financial Services, a financial service company owned and controlled by Patzke, and also to remodel the Subject Property; and

**WHEREAS**, FSKS is the owner of the Subject Property and will benefit by the remodeling improvements proposed; 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 FSKS and the Owner to provide for the remodeling of the Subject Property, thereby implementing and bringing to completion a portion of the Redevelopment Plan; and

**WHEREAS**, FSKS has been and continues to be unwilling to undertake the remodeling of the Subject 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 FSKS propose to jointly finance the cost of certain Project Costs 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 acquisition and implementation of the Project Costs 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, Patzke, the Managing Member of FSKS for consideration and review, the Members have taken all actions required to be taken prior to the execution of this Agreement in order to make the same binding upon FSKS according to the terms hereof, and any and all action of FSKS's Managing Member, Patzke, 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, Owner and of FSKS 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.

**“Change in Law”** means the occurrence, after the Effective Date, of an event described in Section (a) below, unless such event is excluded pursuant to Section (b) or Section (c) below:

(a) 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).

(b) An event described in Section (a) above shall not be a Change in Law unless the event materially changes the costs or ability of the Party relying thereon to carry out its obligations under this Agreement.

(c) An event which would otherwise be a Change in Law pursuant to Section (a) and Section (b) above shall not be a Change in Law if the event is caused by the fault of the Party relying thereon.

**“Code”** means the United States Internal Revenue Code of 1986, as amended.

**“Collector”** means the officer or officers of the County of Cook, Illinois, who is or are at the time obligated under applicable law to collect and pay over to the Village the Incremental Property Taxes pursuant to and in accordance with the Act.

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

**“Day”** means a calendar day.

**“Incremental Property Taxes”** means the *ad valorem* taxes, if any, arising from the taxes levied on the Subject Property, which is located in the Downtown TIF District, which taxes are attributable to the increases in the then current equalized assessed valuation (“EAV”) of the Property over and above the total Initial EAV of the Property, all as determined by the County Clerk of Cook County, Illinois, pursuant to and in accordance with the Act, the TIF Ordinances and this Redevelopment Agreement, and includes any replacement or amended taxes, subject to the determination thereof on a “per parcel” or a “per area” basis under applicable law.

**“FSKS”** means FSKS, LLC., an Illinois Limited Liability Company, or any successor in interest thereof permitted pursuant to Section 17.13 hereof.

**“Owner”** means Frank T. Patzke, an individual, who is the managing member of FSKS.

**“Party”** means the Village and/or Owner, and/or FSKS, as the context requires.

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

**“Plans”** means the plans for the exterior remodeling, accessibility improvements, interior rehabilitation, and floor plans for the Subject Property, which consists of plans prepared by Behles & Behles Architects, dated November 26, 2008, (Exhibit “B”).

**“Project”** means the exterior improvements to the building on the Subject Property, the accessibility improvements to the Property, and the interior rehabilitation of the Subject Property.

**“Redevelopment Plan”** means the “Redevelopment Plan” as defined in the Village Ordinance No. O-224-99.

**“Redevelopment Project Area”** means the downtown TIF District created by the TIF Ordinances.

**“Redevelopment Project Costs”** means all qualifying Redevelopment Project costs authorized by the Act as limited by this Agreement and shall be limited to a portion of the rehabilitation and remodeling costs for FSKS, which costs shall not exceed four hundred fifty thousand (\$450,000) dollars

**“State”** means the State of Illinois.

**“Subject Property”** means the approximately 3,250 square foot parcel of land located at 35 W. Slade Street and described on Exhibit “A” which is located within the Redevelopment Project Area, upon which the Redevelopment Project will be implemented.

**“TIF Ordinances”** means Ordinances No.’s O-224-99, O-225-99 and O-226-99 all adopted by the Village on December 13, 1999, and Ordinance No. O-12-00 adopted January 24, 2000, as described in the Recitals to this Agreement.

**“TIF Revenue Stream”** means the real property taxes collected with respect to the Subject Property, which is required to be paid to the Village Treasurer for deposit to the Special Tax Allocation Fund, as defined in the Act pursuant to Section 11-74.4-8 thereof, as such provision may be amended from time to time.

**“Uncontrollable Circumstance”** means any event which:

- (a) is beyond the reasonable control of and without the fault of the Party relying thereon; and
- (b) includes, but is not limited to, 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 condition 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 unlawful acts of FSKS and/or Owner.

Uncontrollable Circumstance shall not include economic hardship, or impracticability of performance, commercial or economic frustration of purpose, unavailability of materials, strikes or labor disputes caused by the unlawful acts of FSKS and/or Owner or 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, 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 only written whether or not a writing is specifically mentioned in the context of use.

(g) The Village Manager, unless applicable law requires action by the Village Mayor and Village Council, shall have the power and authority to make or grant or do those things, supplemental agreements, certificates, requests, demands, approvals, consents, notices and other actions required 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. Notwithstanding anything herein to the contrary, the Village Manager is hereby authorized to take those actions specified herein to be taken by the Village, or any other officer of the Village, related to this Agreement. FSKS 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.

(h) In connection with the foregoing and other actions to be taken under this Agreement, unless applicable documents require action by FSKS in a different manner, FSKS

hereby designates Frank Patzke as its authorized representative who shall have the power and authority to make or grant or do all things, supplemental agreements, certificates, requests, demands, approvals, consents, notices and other actions required or described in this Agreement for and on behalf of FSKS and with the effect of binding FSKS in that connection, such individual being the "Authorized FSKS Representative".

#### **ARTICLE FOUR**

##### **IMPLEMENTATION OF REDEVELOPMENT PLAN**

The Village and FSKS undertake to implement a portion of the Redevelopment Plan through the development of the Redevelopment Project upon the Subject Property in accordance with their respective obligations as set forth in this Agreement.

#### **ARTICLE FIVE**

##### **VILLAGE COVENANTS AND AGREEMENTS**

**5.1      Village's Redevelopment Obligations.** The Village shall have the obligations set forth in this Article Five related to financing the costs of the Village's obligations affecting the Subject Property.

**5.2      Payment of Proceeds.** The Village shall pay twenty thousand (\$20,000) dollars of the TIF Revenue Stream generated from the Subject Property to FSKS at the time that the Village certifies completion of the exterior work so long as there is a sufficient TIF Revenue Stream to make said payment.

In addition, the Village shall reimburse FSKS, on a "pay as you go" basis, annually paying out, no later than February 1<sup>st</sup> of the following year, an amount equal to one hundred (100%) percent of the Subject Property's TIF Revenue Stream that is created over and above the increment generated from the 2007 Equalized Assessed Value received by the Village from the

Subject Property. Said payment shall be made, only upon submission to the Village the financial information requested by the Village (including but not limited to paid receipts and proof of payment) for the Village to determine the amount of funds to be provided. The total pay-out over the life of this Agreement for accessibility improvements and exterior building and façade improvements shall not exceed two hundred fifty thousand (\$250,000.00) dollars, inclusive of the twenty thousand (\$20,000) dollars set forth above, for costs expended on the exterior improvements to the Subject Property.

In addition to the assistance outlined above, the Village shall pay the Developer up to an additional two hundred thousand (\$200,000.00) dollars for interior building improvements made by Developer on the Subject Property, in accordance with Exhibit "C". This additional assistance will only be available if the Developer shall lease, within five (5) years of the execution of this agreement, not less than seventy-five (75%) percent of the leasable commercial space of the first floor of the building to commercial, office or retail tenants who generate real estate tax assessments consistent with the Incremental Property Tax Projections High EAV Scenario referenced in Exhibit "D". This additional assistance will not take place until after issuance of a Final Certificate of Occupancy for all of said first floor improvements. The Village shall have no duty to make a payment towards the additional two hundred thousand (\$200,000.00) dollars for interior building improvements to FSKS in the event that the assessments fall below the Incremental Property Tax Projections High EAV Scenario. At such time as the assessments exceed the Incremental property Tax Projections High EAV Scenario, such payments by the Village to FSKS shall resume.

Subject to FSKS establishing that its costs are TIF Eligible expenses under this Agreement and the Act and prior to the payment of any Incremental Property Taxes to the

Owner, the Developer agrees to provide the financial information requested by the Village (including but not limited to paid receipts and proof of payment) for the Village to determine the amount of funds to be provided. The Village's financial obligation under, arising out of and in any manner in respect of, or related to this agreement, shall be solely and only to the extent of the availability of Incremental Property Taxes from the Subject Property if, as and when received, accounted for, allocated and applied pursuant to the terms of the Act and shall be limited to the maximum levels of assistance outlined within this section. This Agreement shall not constitute a debt of the Village within the meaning of any constitutional statutory provision or limitation. Because the Special Tax Allocation Fund is a special fund, the aforesaid deposits into the Special Tax Allocation Fund shall not be subject to the appropriation process of the Corporate Authorities of the Village and the amounts deposited therein shall be disbursed in accordance with this Agreement without further action of the Corporate Authorities.

**5.3 Defense of Redevelopment Project Area.** 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 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 Redevelopment Project Area and this Agreement. Anything herein to the contrary notwithstanding, FSKS agrees that the Village may, to the extent permitted by law, use Incremental Property Taxes from the entire downtown Redevelopment Project Area otherwise required to be deposited from time to time in the Special Tax Allocation Fund or any other Special Tax Allocation Fund established in the Redevelopment Project Area, all as provided for in the Act, and on a pro rata basis amongst the Special Tax Allocation Funds and to

the extent available, to be redirected to reimburse the Village for its defense costs, including, without limitation, attorneys' fees and expenses, as a priority, prior to any distribution to FSKS, but not in lieu of, any other allocation of monies provided therein. FSKS will fully cooperate with the Village in connection with the foregoing.

**5.4 Intentionally Omitted.**

**5.5 Intentionally Omitted.**

**5.6 Intentionally Omitted.**

**5.7 Certificate of Completion.** Within thirty (30) days after written request from FSKS and after FSKS has provided all required waiver of liens, the Village shall deliver a certificate of completion and satisfaction of all terms, covenants and conditions contained in this Agreement or, if not complete or satisfied, what deficiencies exist.

## **ARTICLE 6**

### **FSKS'S COVENANTS AND AGREEMENTS**

**6.1 FSKS's Redevelopment Obligations.**

- (a)** FSKS shall complete all the exterior remodeling work required to complete the exterior improvements no later than November 1, 2009.
- (b)** FSKS shall complete all the interior remodeling work and accessibility rehabilitation work required to obtain a certificate of occupancy no later than five (5) years from the Effective Date of this Agreement.
- (c)** Construction Financing. Upon execution of this Agreement, FSKS shall demonstrate to the Village's satisfaction that FSKS has sufficient funds to pay for its share of the cost of the Redevelopment Project and to pay all costs and expenses in connection therewith. In that regard, FSKS shall provide the Village

with evidence that a bank or lending institution finds that KSKS has sufficient assets to qualify for a loan in an amount not less than seven hundred thousand (\$700,000) dollars for financing for the construction of the Redevelopment Project in accordance with the terms hereof and of the Final Plans, and shall furnish evidence of such finding to the Village, or, alternatively, shall submit evidence to the Village that FSKS has sufficient funds to pay for its share of the cost of constructing the Redevelopment Project and paying all costs and expenses in connection therewith, without obtaining third party financing. In addition, FSKS shall submit to the Village the project development budget approved by the construction lender as well as a binding loan commitment in an amount sufficient to complete the Project, prior to the Village issuing the initial \$20,000 reimbursement payment. FSKS agrees that the Village will be provided a reasonable opportunity to meet with the construction lender if requested by the Village.

- (d) Creditworthiness Letter. Prior to the Village executing this Agreement, FSKS shall furnish to the Village financial statements demonstrating FSKS's ability to complete the transactions described herein stating the probable source and availability of funding for construction of the Redevelopment Project and marketing and carrying costs of the Redevelopment Project.
- (e) Timing of FSKS's Obligations. FSKS covenants and agrees to construct or cause to be constructed the Redevelopment Project at the times, in the manner and with the effect set forth in this Agreement, subject to Uncontrollable Circumstances.

(f) Compliance with Applicable Laws. FSKS shall at all times acquire, install, construct, operate and maintain the Redevelopment Project in conformance with all applicable laws, rules, ordinances and regulations. All work with respect to the Redevelopment Project shall conform to all applicable federal, state and local laws, regulations and ordinances, including, but not limited to, zoning, subdivision and building codes, environmental codes, life safety codes, property maintenance codes and any other applicable codes and ordinances of the Village.

(g) Progress Meetings. FSKS shall meet with the Village Council and make presentations to the Village as requested by the Village to keep Village apprised of the progress of the development.

(h) Authorized Representative. FSKS shall designate Frank Patzke as its representative with full power and authority to meet with Village staff for purposes of coordinating and implementing obligations of the Parties under this Agreement.

(i) Real Estate Tax Challenges. So long as the Redevelopment Project Area remains in effect, FSKS and all successor owners of the Property agree not to challenge, contest, or seek reduction in the assessed valuation of the Property. The Village agrees to consider relief from the covenants of this Section in the event of economic hardship arising from vacancies in the building. The remedy to the Village in the event of breach of this Section is for the FSKS (or its successor owners, as the case may be) to pay to the Village on an annual basis the difference between the actual real estate taxes payable for the Property and the amount of real estate taxes that would have been due and owing on the Anticipated EAV for

such year (said deficiency shall herein be referred to as the “TIF Deficiency”), plus interest thereon at the prime rate charged by Harris Bank (or its successor) plus three percent (3%) per annum for the period beginning on the date the Incremental Property Taxes are received by the Village for any given year and ending on the date the TIF Deficiency is paid to the Village. FSKS and all successor owners shall be permitted to challenge and seek reduction in assessed valuation of the property if assessments are higher than projections shown on the Incremental Property Tax Projections High EAV Scenario referenced in Exhibit “D”. Such reduction shall not be to an amount below the amount shown in Exhibit “D” for said year. In the event a reduction is obtained that is lower than the Incremental property Tax Projections High EAV Scenario shown in Exhibit “D” for a given year, then Owner or FSKS shall make a payment to the Village in an amount equal to the amount of lost increment below the amount in Exhibit “D”.

- (j) Tax Exempt Status. The Owner and FSKS, on behalf of itself and its successors, represents and acknowledges that no owner and no lessee or occupant can or will assert a tax-exempt status for the Subject Property or any part thereof. This prohibition shall run with the land until the Downtown TIF ends or a shorter term if agreed in writing by the Village.
- (k) Real Estate Tax Payments. The Owner and FSKS, on behalf of itself and on behalf of its successors agrees to pay all general and special real estate taxes levied against the Redevelopment Project on or prior to the date same is due and

said taxes shall not become delinquent, and the Owner or its successors shall deliver evidence of payment of taxes to the Village upon request.

## ARTICLE SEVEN

### ADDITIONAL COVENANTS OF FSKS

7.1 **FSKS Existence.** FSKS will do or cause to be done all things necessary to preserve and keep in full force and effect its existence and standing as a limited liability company authorized to do business in the State of Illinois, so long as FSKS maintains an interest in the Subject Property or has any other remaining obligation pursuant to the terms of this Agreement.

7.2 **Construction of Redevelopment Project.** FSKS shall cause construction of such Redevelopment Project to be prosecuted and completed with due diligence, in good faith and without delay, subject to Uncontrollable Circumstances as defined in Article 2 of this Agreement.

7.3 **Indemnification.** Owner and FSKS, for itself, its successors and assigns (use of the term "FSKS" herein includes successors and assigns), agree to indemnify, defend and hold the Village, Mayor, Village Council Members, officers, agents and employees harmless from and against any losses, costs, damaged, liabilities, claims suits, actions, causes of action and expenses (including, without limitation, reasonable attorneys' fees and court costs) suffered or incurred by the Village which are caused as a result of:

- (a) the failure of Owner and/or FSKS to comply with any of the terms, covenants or conditions of this Agreement; and
- (b) the failure of Owner and/or FSKS or any contractor to pay contractors, subcontractors or materialmen in connection with Redevelopment Project; or

- (c) material misrepresentations or omissions of Owner and /or FSKS relating to the Redevelopment Project, the Redevelopment Plan and this Agreement which are the result of information supplied or omitted by Owner and/or FSKS or by its agents, employees, contractors or persons acting under the control or at the request of Owner and/or FSKS; or
- (d) the failure of FSKS to cure any material misrepresentations or omissions of owner and/or FSKS in this Agreement relating to Redevelopment Project; 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 Redevelopment Project by Owner and/or FSKS; or
- (f) any violation by Owner and/or FSKS or any other person of state or federal securities law in connection with the offer and sale of interests in FSKS or any part of Redevelopment Project, except for information provided by the Village.

The provisions of this Section shall not apply to a loss which arises out of intentional misconduct on the part of the indemnified party seeking indemnification, or a loss or portion thereof, or which arises, in whole or in part, out of negligence on the part of such indemnified party, but only to the extent that such indemnified party's misconduct or negligence contributed to the loss, or that the loss is attributable to such indemnified party's misconduct or negligence.

**7.4 Insurance.** Upon execution of this Agreement, FSKS (or FSKS's contractor) shall procure and deliver to the Village, at FSKS's (or such contractor's) cost and expense, and agrees to maintain all necessary insurance in full force and effect until each and every obligation of FSKS contained herein has been fully paid, or performed, with respect to Redevelopment

Project. Said insurance must be in accordance with the requirements of Article 14 herein and in accordance with the requirements of the Village from time to time at its sole discretion

**7.5     Further Assistance and Corrective Instruments.** The Village, Owner, and FSKS 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.

**7.6     No Gifts.** Owner and FSKS covenant that no officer, member, manager, stockholder, employee or agent of FSKS, or any other person connected with FSKS, 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.

**7.7     Conveyance.** In recognition of the nature of the Redevelopment Project and the Village's projections of the need for incremental tax revenues to finance other Redevelopment Project costs, in accordance with the Act, neither Owner nor FSKS shall undertake to convey the Subject Property, and will impose in the deed a prohibition against granting such conveyance, or any portion thereof, as provided for in this Agreement, to persons whose ownership and use of such Property will cause such property to be exempt from payment of property taxes.

**7.8     Disclosure.** Prior to the FSKS obtaining the building permit, FSKS shall disclose to the Village the names and addresses of all Persons that comprise FSKS. The current names, addresses and ownership interests of all such Persons which comprise FSKS as of the date of this Agreement are listed on Exhibit "E", which is attached hereto and made a part hereof. Any

proposed change in the persons that comprise any portion of FSKS, or in any ownership interests disclosed hereunder shall be reported to the Village no less than thirty (30) days prior to the effective date of such change. This subsection shall survive termination of this Agreement.

**7.9 Assignment of Transfer of Property.** This Agreement may not be assigned by Owner or FSKS until completion of the Redevelopment Project, including all public improvements necessary in connection therewith, without the express written consent of the Village, which consent shall not be unreasonably withheld by the Village. Any proposed assignee of any of Owner or FSKS's obligations under this Agreement shall have the qualifications, financial responsibility, reputation and character necessary, adequate and desirable to fulfill these obligations. The proposed assignee shall execute a contractual undertaking agreeing to adhere to the terms and conditions of this Agreement, as they apply to said assignee, and shall submit such information, including financial information, as may be reasonably requested by the Village. Before any permissible assignment shall be of any force and effect, Owner and/or FSKS shall give notice of such proposed assignment to the Village, and the Village shall have thirty (30) days to accept or reject such assignee. In the event the Village rejects such assignee as not fulfilling the requirements of this Section 7.9, the Village shall state the reasons therefor. If the Village does not respond to the notice of such intended assignment within such thirty-(30) day period, such assignment shall be deemed denied. No part of this Section 7.9 shall prevent the collateral assignment hereof to FSKS's construction lender or permanent lender, if required thereby.

## ARTICLE EIGHT

### BOUNDARIES OF THE TIF REDEVELOPMENT

### PROJECT AREA AND PLAN AMENDMENTS.

The Village reserves the right to alter the boundaries of the Redevelopment Project Area, and make other modifications to the TIF Redevelopment Project Area as the Village deems necessary; provided, however, that such alteration is undertaken in accordance with the provisions of the Act; and also provided that there is no cost or financial obligation to FSKS.

## ARTICLE NINE

### TIF FINANCIAL STATEMENTS

The Village agrees to provide to the State, in a timely manner, and to the extent required by law, all information relating to this Redevelopment Project required to demonstrate continued compliance with the requirements of the Act. Upon request, the Village shall provide FSKS promptly with a copy of all such information submitted to the State.

## ARTICLE TEN

### ADHERENCE TO VILLAGE CODES AND ORDINANCES

All remodeling of the Redevelopment Project shall comply in all respects with the provisions in the Building, Plumbing, Mechanical, Electrical, Storm Water Management, Fire Prevention, Property Maintenance, Zoning and Subdivision Codes of the Village and all other germane codes and ordinances of the Village in effect on the date that an application for a building permit for such development or construction is filed, and from time to time during construction that are applicable, except as otherwise provided herein.

FSKS has examined and is familiar with all the covenants, conditions, restriction, building regulations, zoning ordinances property maintenance regulations, environmental regulations and land use regulations, codes, ordinances, federal, state and local ordinance, and

the like, and represents and warrants that the Redevelopment Project will be developed in accordance with same.

## ARTICLE ELEVEN

### LIMITED OBLIGATIONS

The obligations of the Village under this Agreement are not general obligations of the Village, the County, the State nor any political subdivision thereof; it being understood that these obligations are being incurred in connection with the Redevelopment Plan and are limited as set forth therein and the Village shall have no responsibility to pay such obligations except from the allocation of the TIF Revenue Stream. Neither the full faith and credit nor the general taxing power of the Village will be available or used to meet the obligations contained in this Agreement.

## ARTICLE TWELVE

### REPRESENTATIONS AND WARRANTIES OF FSKS

Owner and FSKS represent, warrant and agree as the basis for the undertakings on its part herein contained that:

**12.1 Organization and Authorization.** FSKS is an Illinois limited liability company duly organized and existing under the laws of the State of Illinois, authorized to do business in 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. The execution delivery and performance by FSKS of this Agreement shall not, by the lapse of time, by the giving of notice or otherwise, constitute a violation of any applicable law or breach of any provision contained in the FSKS's organizational documents, or any instrument or document to which FSKS is now a party or by which it is bound. FSKS is now solvent and able to pay its debts as they mature.

There are no actions at law or similar proceedings which are pending or, to FSKS's knowledge, threatened against FSKS which would result in any material and adverse change to FSKS's financial condition, or which would materially and adversely affect the level of FSKS's assets as of the date of this Agreement, or that would materially or adversely affect the ability of FSKS to proceed with the construction and development of the Redevelopment Project. The financial materials furnished by or on behalf of FSKS or its shareholder to the Village fairly and accurately present the assets, liabilities and financial conditions and results of operations of FSKS or its shareholder as of the dates thereof, and there has been no material and adverse change in the assets, liabilities or financial condition represented in such submittal since the dates of the submittals and the date of this Agreement.

**12.2 Non-Conflict or Breach.** Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement conflicts with or results in a breach of any of the terms, conditions or provisions of any offering or disclosure statement made or to be made on behalf of Owner and/or FSKS, any restriction, agreement or instrument to which Owner and/or FSKS or any of its partners or venturers is now a party or by which Owner and/or FSKS 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 pursuant to this Agreement of Owner and/or FSKS, any related party or any of its venturers under the terms of any instrument or agreement to which Owner and/or FSKS, any related party or any of its partners or venturers is now a party or by which Owner and/or FSKS, any related party or any of its venturers is bound.

**12.3 Pending Lawsuits.** There are no lawsuits either pending or, to the best of Owner's and FSKS's knowledge, threatened that would materially and adversely affect the ability of Owner and/or FSKS to proceed with the construction and development of Redevelopment Project on the Subject Property.

**12.4 Location of Redevelopment Project.** The Redevelopment Project will be located entirely within the Subject Property.

**12.5 Conformance with Requirements and Regulations.** Owner and FSKS has examined and is familiar 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, and the like, and represents and warrants that the Redevelopment Project will be developed in accordance with same.

**12.6 Financial Resources.** Owner and FSKS have sufficient financial and economic resources to implement and complete Owner's and FSKS's obligations contained in this Agreement.

**12.7 Payment of Real Estate Taxes After Acquisition.** The Owner of the Subject Property agrees to pay the real estate taxes on the Subject Property in a timely manner and said taxes shall not become delinquent.

## **ARTICLE THIRTEEN**

### **REPRESENTATIONS AND WARRANTIES OF THE VILLAGE**

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

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

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

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

**13.4 Connections.** The Village hereby agrees to permit the connection of all water lines, sanitary and storm sewer lines constructed in the Project Area or Village utility lines existing or constructed in the Subject Property or near the perimeter of the Subject Property, provided that Owner and/or FSKS complies with all requirements of general applicability promulgated by the Village for such connections.

**13.5 Intentionally Omitted.**

**13.6 Permit Fees.** The Village hereby agrees that Owner or FSKS shall be obligated to pay, in connection with the development of the Redevelopment Project only those building, permit, engineering, tap on, inspection fees and other applicable fees that are assessed on a uniform basis throughout the Village and are of a general applicability to other property within the Village, or

which shall be the responsibility of the Village even though such portions of the Redevelopment Project may be performed by Owner and/or FSKS at the request and direction of the Village.

## **ARTICLE FOURTEEN**

### **LIABILITY AND RISK INSURANCE**

**14.1 Liability Insurance Prior to Completion.** Prior to execution of this Agreement, FSKS (or FSKS's contractor) shall procure and deliver to the Village, at FSKS's (or such contractor's) cost and expense, and shall maintain in full force and effect until each and every obligation of FSKS 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, structural work act insurance and worker's compensation insurance, with liability coverage under the comprehensive liability insurance to be in an amount acceptable to the Village Manager, all such policies to be in such form and issued by such companies as shall be acceptable by the Village to protect the Village and FSKS against any liability incidental to the use of or resulting from any claim for injury or damage occurring in or about that portion of the Project being constructed by FSKS, or the construction and improvement thereof by FSKS. Each such policy shall name the Village as a co-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.

**14.2 Builder's Risk Prior to Completion.** Prior to completion of the construction of Redevelopment Project, as certified by the Village, FSKS shall keep in force at all times completed-value builders risk insurance, 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 Redevelopment Project (including on-site stored materials), all as to

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

## ARTICLE FIFTEEN

### EVENTS OF DEFAULT AND REMEDIES

**15.1 Events of Default.** The following shall be Events of Default with respect to this Agreement:

- (a) If any material representation made by Owner and/or FSKS 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 Owner and/or FSKS does not remedy the default, within thirty (30) days after written notice from the Village.
- (b) Default by Owner and/or FSKS in the performance or breach of any material covenant contained in this Agreement concerning the existence, structure or financial condition of Owner and FSKS; provided, however, that such default or breach shall constitute an Event of Default if Owner and/or FSKS does not, within thirty (30) days after written notice from the Village, initiate and diligently pursue appropriate measures to remedy the default.
- (c) Default by Owner and/or FSKS in the performance or breach of any material covenant, warranty or obligation contained in this Agreement; provided, however, that such default shall constitute an Event of Default only if the Owner and/or FSKS does not, within thirty (30) days after written notice from the Village, remedy the default.

(d) The entry of a decree or order for relief by a court having jurisdiction in the premises in respect of Owner and/or FSKS 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 and/or FSKS 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 Owner and/or FSKS 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 and/or FSKS to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of Owner and/or FSKS or of any substantial part of Owner and/or FSKS's property, or the making by any such entity of any assignment for the benefit of creditors or the failure of Owner and/or FSKS generally to pay such entity's debts as such debts become due or the taking of action by Owner and/or FSKS in furtherance of any of the foregoing, or a petition is filed in bankruptcy by others and not dismissed within 60 consecutive days.

(f) Any representation or warranty of Owner and/or FSKS is not true for a period of 30 days after written notice from the Village.

(g) Failure to have funds to meet Owner and FSKS's obligations.

(h) Sale, assignment, or transfer of the Subject Property to the business thereon except in accord with this Agreement.

(i) Change in membership of FSKS of 40% or more of the voting control of FSKS.

- (j) Owner and/or FSKS abandons Redevelopment Project.
- (k) Failure of Owner and/or FSKS to timely pay the real estate taxes assessed against the Subject Property.

**15.2 Remedies for Default.**

(a) In the case of an Event of Default by Owner and/or FSKS, Owner and/or FSKS shall, upon written notice from the Village, take immediate action to cure or remedy such Event of Default within thirty (30) days after receipt of such notice. If, in such case, any monetary Event of Default is not cured within said thirty (30) day period, or action is not taken or not diligently pursued, any other Event of Default or breach shall not be cured or remedied within a reasonable time, but in no event more than sixty (60) days from the notice, the Village 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 Owner and/or FSKS of obligations of 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 or shall have been determined adversely to the Village, then, and in every such case, Owner and/or FSKS and the Village shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of Owner and/or FSKS and the Village shall continue as though no such proceedings had been taken.

(c) Village shall be relieved of its obligations under this Agreement.

Upon the event of a default by the Village, Owner and FSKS shall be relieved of its obligations and the Owner and FSKS retain the right to sue the Village.

**15.3 Recourse.** There shall be no monetary recourse except as set forth in this Agreement.

**15.4 Agreement to Pay Attorneys' Fees and Expenses.** In the event Owner and/or FSKS shall commit an Event of Default which is not cured within the applicable cure periods and the Village should 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 on the part of Owner and/or FSKS herein contained, Owner and/or FSKS agrees that it will, on demand, therefor pay to the Village the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Village.

**15.5 No Waiver by Delay.** 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 either party should not be constrained so as to avoid the risk of being 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 by the Village with respect to any specific Event of Default by the Owner and/or FSKS under this Agreement be considered or treated as a waiver of the rights of the Village under this Section or with respect to any Event of Default under any Section in this Agreement or with respect to the particular Event of Default, except to the extent specifically waived in writing by the Village.

**15.6 Rights and Remedies Cumulative.** The rights and remedies of the Village to this Agreement, whether provided by law or by this Agreement, shall be cumulative, and the exercise by the Village of any one or more of such remedies shall not preclude the exercise by it, at the time or different times, of any other such remedies for the same Event of Default. No waiver made with respect to the performance, nor the manner or time thereof, of any obligation of Owner and/or FSKS or any condition under the Agreement shall be considered a waiver of any

rights of the Village with respect to the particular obligation of Owner and/or FSKS or condition beyond those expressly waived in writing.

## ARTICLE SIXTEEN

### EQUAL EMPLOYMENT OPPORTUNITY.

**16.1 No Discrimination.** Owner and FSKS will not discriminate against any employee or applicant for employment on the basis of race, color, religion, sex or national origin. Owner and FSKS 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. Owner and FSKS agree to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Village setting forth the provisions of this nondiscrimination clause.

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

**16.3 Contractors.** Any contracts made by Owner and/or FSKS with any general contractor, agent, employee, independent contractor or any other Person in connection with the Redevelopment Project shall contain language similar to that recited in Section 16.1 and 16.2 above.

## ARTICLE SEVENTEEN

### MISCELLANEOUS PROVISIONS.

17.1 **Cancellation.** In the event Owner, FSKS 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 and/or FSKS's duty to build the Redevelopment Project, by the order of any court of competent jurisdiction or as a result of an Uncontrollable Circumstance, or in the event that all or any part of the Act or any ordinance adopted by the Village in connection with the Redevelopment 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 and/or FSKS or the Village, then and in any such event, the party so materially affected may, at its election, cancel or terminate this Agreement by giving written notice thereof to the other within sixty (60) days after such final decision or amendment. 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; provided, however, that the cancellation or termination of this Agreement shall have no effect on the Site Plan and Variation authorizations granted to Owner and/or FSKS pursuant to the Final Plans.

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

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  
222 N. LaSalle Street, Suite 1910  
Chicago, IL 60601  
Attn: Robert C. Kenny

If to Owner or FSKS: Frank Patzke  
1046 E. Marion Street  
Arlington Heights, IL 60004

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

17.3 **Time of the Essence.** Time is of the essence of this Agreement.

17.4 **Integration.** Except as otherwise expressly provided herein, this Agreement supersedes all prior agreements, negotiations and discussions relative to the subject matter hereof and is a full integration of the agreement of the parties.

17.5 **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.

17.6 **Recordation of Agreement.** The parties agree to record this Agreement or a short form Memorandum hereof in the appropriate land or governmental records. The Owner and FSKS agree to include provisions in their Lease Agreement that makes the Lease subject to this Agreement.

**17.7 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.

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

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

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

**17.11 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.

**17.12 Cooperation and Further Assurances.** The Village, Owner and FSKS each covenant and agree 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, Owner or FSKS 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.

**17.13 Successors in Interest.** This Agreement shall be binding upon and insure to the benefit of the parties hereto and their respective authorized successors and assigns; provided, however, that, except as provided in Section 7.9 hereof, neither Owner nor FSKS may assign its rights under this Agreement without the express written approval of the Village, except that Owner and/or FSKS may assign rights under this Agreement for collateral purposes, but only with the Village's written consent which shall not be unreasonably withheld. Nothing herein contained shall be construed as a prohibition against Owner and/or FSKS assigning or conveying any property in the Redevelopment Project Area after construction of Redevelopment Project has been completed.

**17.14 No Joint Venture, Agency or Partnership Created.** Nothing in this Agreement, nor 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.

**17.15 Ability of Officials of Village or FSKS.** No covenant or agreement contained in this Agreement shall be deemed to be the covenant or agreement of any official, officer, partner, member, director, agent, employee or attorney of the Village or FSKS, in his or her individual capacity, and official, officer, partner, member, director, agent, employee or attorney of the Village or FSKS 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.

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

**17.17 Term.** This Agreement shall remain in full force and effect until termination of the Redevelopment Project Area or until otherwise terminated pursuant to the terms hereof. However, the provisions of Articles 6 and 12 hereof, shall survive termination of this Agreement.

**17.18 Estoppel Certificates.** Each of the parties hereto agrees to provide the other, upon not less than ten (10) business days prior request, a certificate ("Estoppel Certificate") certifying that this Agreement is in full force and effect (unless such is not the case, in which such parties shall specify the basis for such claim), that the requesting party is not in default of any term, provision or condition of this Agreement beyond any applicable notice and cure provision (or specifying each such claimed default) and certifying such other matters reasonably requested by the requesting party. If either party fails to comply with this provision within the time limit specified, it shall be deemed to have appointed the other as its attorney-in-fact for execution of same on its behalf as to that specific request only.

**17.19 Municipal Limitations.** All municipal commitments are limited to the extent of the law.

## **ARTICLE EIGHTEEN**

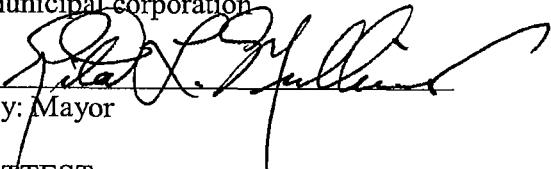
### **EFFECTIVENESS**

The Effective Date for this Agreement shall be the day on which the Village shall have duly enacted an ordinance and there shall be effective an ordinance authorizing the execution of and adoption this Agreement. Both Parties shall execute this Agreement within twenty-one (21) calendar days of the date the Village authorizes its execution or else this Agreement shall be null and void and of no further effect.

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

#### **VILLAGE:**

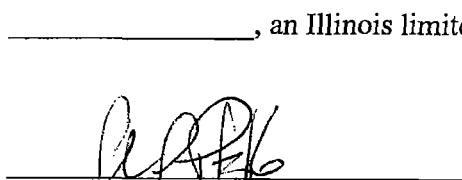
VILLAGE OF Palatine, an Illinois  
municipal corporation

  
By: Mayor

ATTEST:

  
By: Village Clerk

#### **FSKS:**

  
, an Illinois limited liability company

By: FRANK T. PETZKE

Its: PARTNER

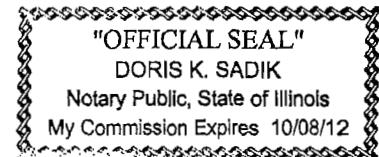
STATE OF ILLINOIS )  
COUNTY OF Cook ) SS  
                  )

I, Doris K. Sadik, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Frank T. Patzke \_\_\_\_\_, \_\_\_\_\_ of FSKS, 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 limited liability company, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 23rd day of February  
\_\_\_\_\_, 2008.

Doris K. Sadik

STATE OF ILLINOIS )  
COUNTY OF Cook ) SS  
                  )



I, Laurie A. Rayborn, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Rita L. Mullins, Mayor of the Village of Palatine ("Village"), and Margaret Duer, Village Clerk 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 they signed and delivered the said instrument as their own free and voluntary act 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 15<sup>th</sup> day of DEC.  
\_\_\_\_\_, 2008.

Laurie A. Rayborn

Notary Public

My commission expires 1/7/10.

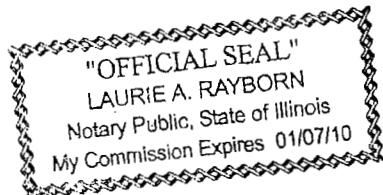


EXHIBIT "A" - Legal Description of Subject Property

EXHIBIT "B" - Plans

EXHIBIT "C" – Interior Improvement List

EXHIBIT "D" – Incremental Property Tax Projections High EAV Scenario

EXHIBIT "E"– FSKS Disclosure

**Exhibit A**  
**Legal Description of Subject Property**

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CHICAGO TITLE INSURANCE COMPANY

OWNER'S POLICY (2006)

SCHEDULE A (CONTINUED)

POLICY NUMBER: 1401-008389243-D1

5. THE LAND REFERRED TO IN THIS POLICY IS DESCRIBED AS FOLLOWS:

THE NORTH 82 FEET OF THE EAST 30 FEET OF LOT 1 IN BLOCK "L" IN PALATINE, ACCORDING TO THE ASSESSOR'S MAP OF THE INCORPORATED TOWN OF PALATINE RECORDED AUGUST 20, 1869, AS DOCUMENT 23021 IN BOOK 170 OF MAPS, PAGES 94 AND 95, IN SECTIONS 14 AND 15 TOWNSHIP 42 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

ALSO

THE WEST 10 FEET OF THE EAST 40 FEET OF THE NORTH 82 FEET OF LOT 1 IN BLOCK "L" IN THE VILLAGE OF PALATINE, ACCORDING TO THE MAP OF JOEL WOODS SUBDIVISION RECORDED DECEMBER 7, 1855, IN BOOK 98 OF MAPS, PAGE 28, ALL IN SECTIONS 14 AND 15, TOWNSHIP 42 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

THIS POLICY VALID ONLY IF SCHEDULE B IS ATTACHED

**Exhibit B**

**Plans**

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# BEHLES + BEHLES

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818 CHURCH STREET  
EVANSTON, ILLINOIS 60201  
T 847.864.0440  
F 847.864.0441  
[WWW.BEHLESBEHLES.COM](http://WWW.BEHLESBEHLES.COM)

July 3rd, 2008

Mr. Frank Patzke  
FP Financial  
35 W. Slade St.  
Palatine, IL 60067

**Patzke Building**  
35 W. Slade St. Palatine, IL 60067

B+B 208113

Frank:

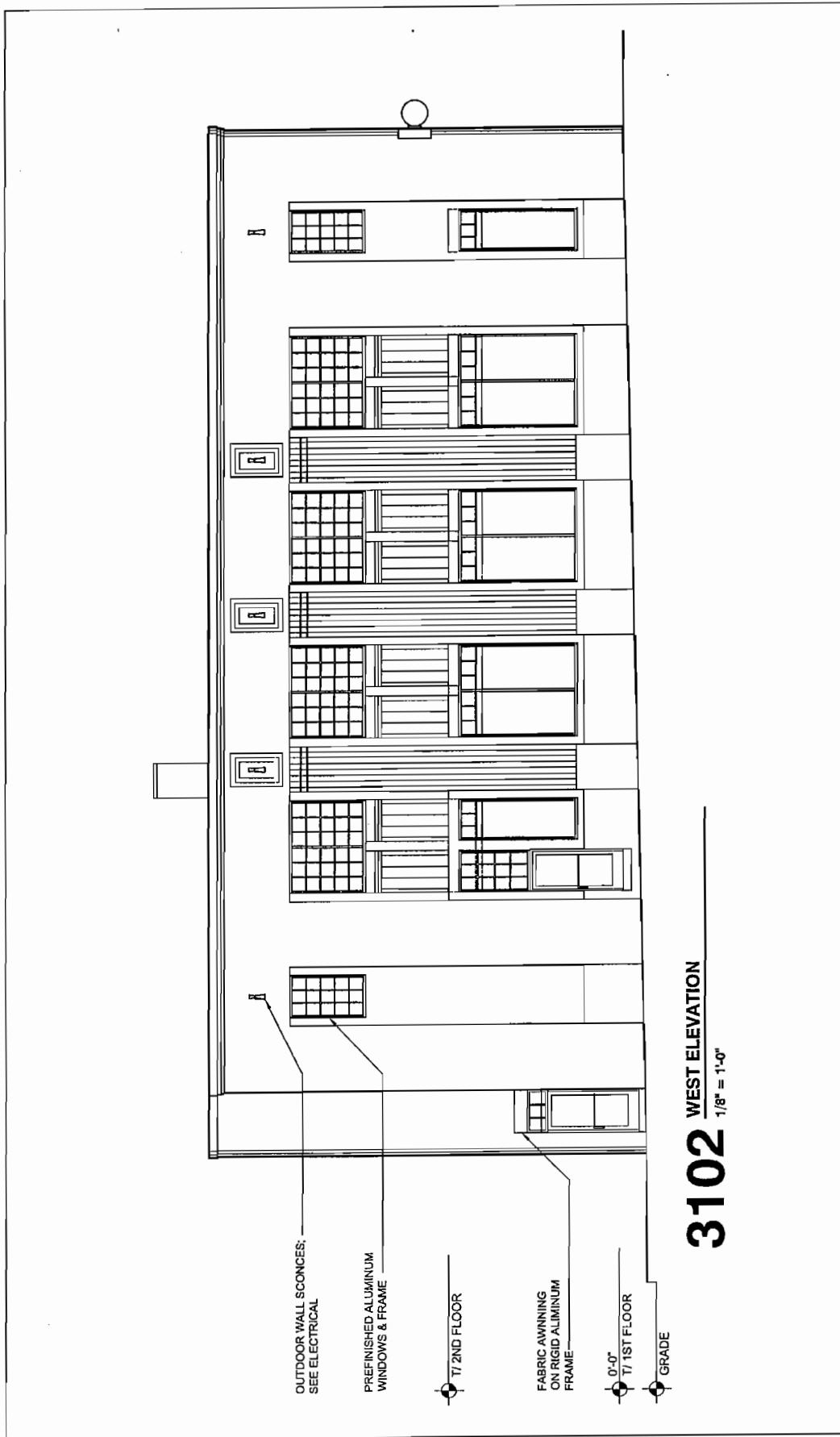
Please find attached exterior renderings of your 35 W. Slade St. building, developed in support of your Palatine TIF application. These drawings include a number of key improvements to the building's exterior and site, designed in conformance with the *Village of Palatine Downtown Design Guidelines, July 2001*, prepared by the Village of Palatine and The Lakota Group:

- A. All new, pre-finished, aluminum windows have been installed. Note that the divided lites and window color match the historical photograph of the building that you provided.
- B. A 2-sided, exterior wall clock has been installed on the corner of the building at Slade & Bothwell, visible to adjacent sidewalk and station platform pedestrians.
- C. A new, accessible main building accessible entry has been developed and denoted with the wall mounted flagpole. Individual, pin mounted letters are utilized as building signage.
- D. Small scale, individual fabric awnings are located above each retail shop window. The color of the awnings coordinates with the new windows, building elements, and streetscape benches. The awnings add a smaller scale building element for the pedestrian streetscape, and provide both shade & rain shelter.
- E. Low level luminaires are included to provide a detailed wash of light down the buildings' fluted limestone pilasters. The architectural light fixtures will be engineered to avoid street lighting & light pollution conflicts.
- F. Palatine-standard downtown streetlights are shown installed in their actual locations.
- G. The existing exterior limestone north and east facades, and brick masonry south and west facades have been cleaned and tuckpointed
- H. Damaged limestone pieces have been repaired, exposed anchor holes have been patched.
- I. Exterior streetscape elements have been added or augmented, including benches, paving materials, bike racks, and planters, all in conformance with Palatine's Downtown Development Guidelines.

Note that Streetscape Design and Landscape Materials must be carefully reviewed with Village Staff for conformance with the overall Downtown Plan. We would welcome the opportunity to meet with Staff and revise these drawings to achieve the best outcome for Palatine & the 35 W. Slade St. Building.

Submitted:

Joseph J. Behles, AIA



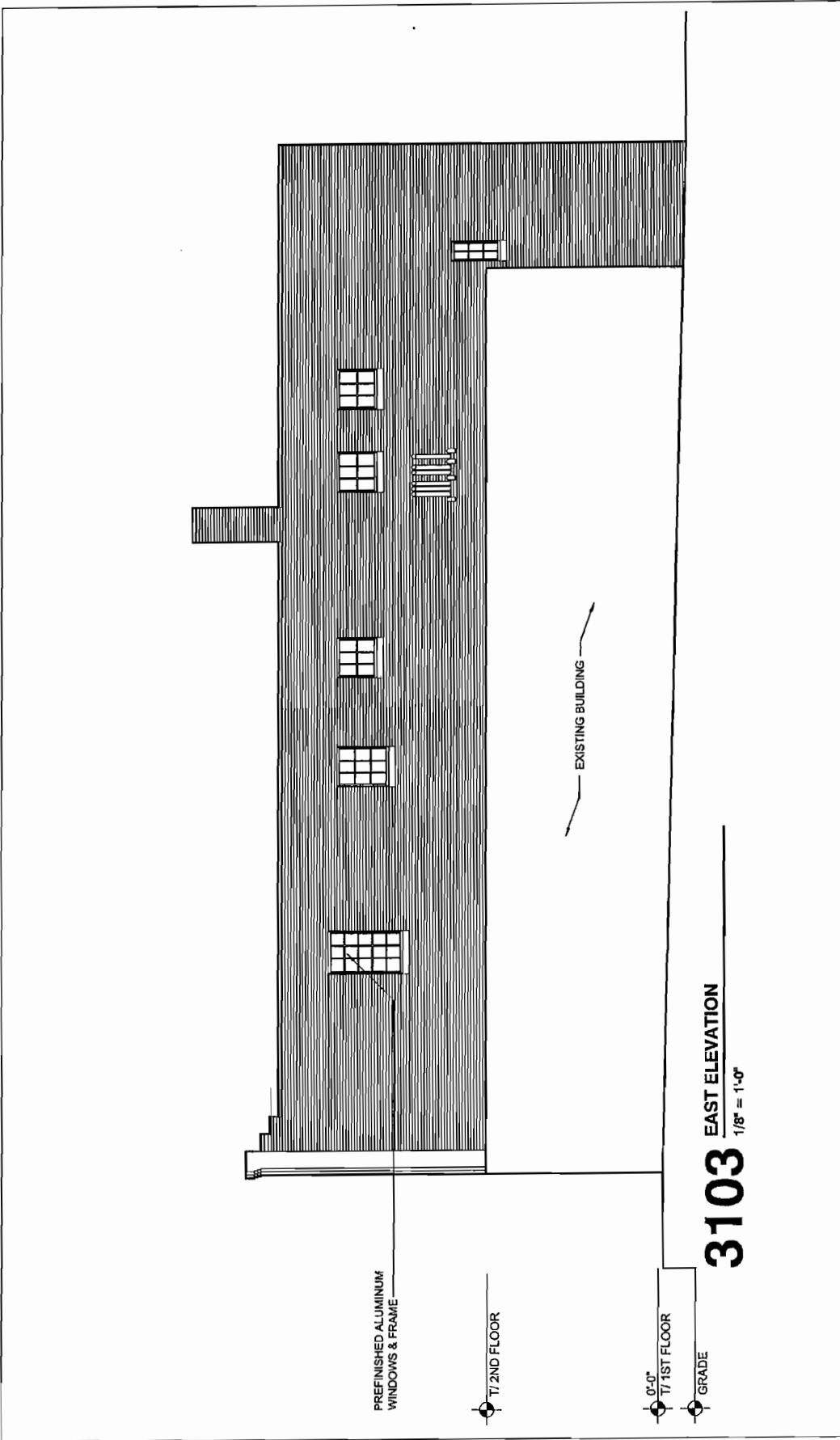
**SK-04**

SKETCH NUMBER:

PATZKE BUILDING  
PALATINE, ILLINOIS

DATE: 09.22.2008	JOB NUMBER: 208127
DRAWN BY: JB	REFERENCE:

**BEHLES+BEHLES**  
818 CHURCH STREET  
EVANSTON, ILLINOIS 60201  
T 847.864.0440  
F 847.864.0441  
www.behrlesbehrles.com



**3103 EAST ELEVATION**

0'-0"  
1/8" = 1'-0"  
1'-0"  
GRADE  
1/2ND FLOOR

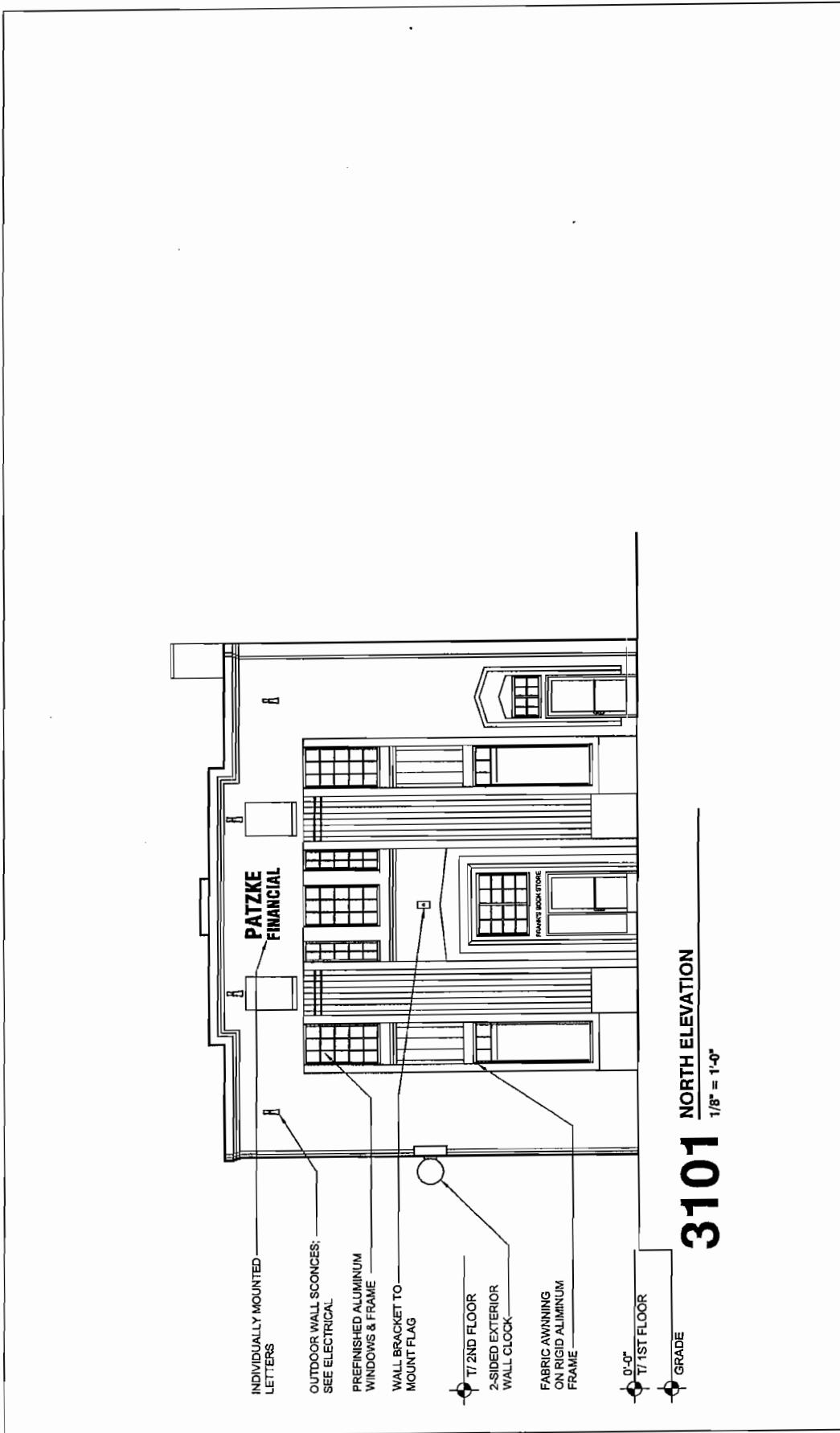
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EVANSTON, ILLINOIS 60201  
T 847.864.0440  
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**PATZKE BUILDING**  
PALATINE, ILLINOIS  
DATE: 09.22.2008 JOB NUMBER: 208127  
DRAWN BY: JB REFERENCE:

SKETCH NUMBER:

**SK-05**

\*.dwg



**SK-03**

Sketch Number:

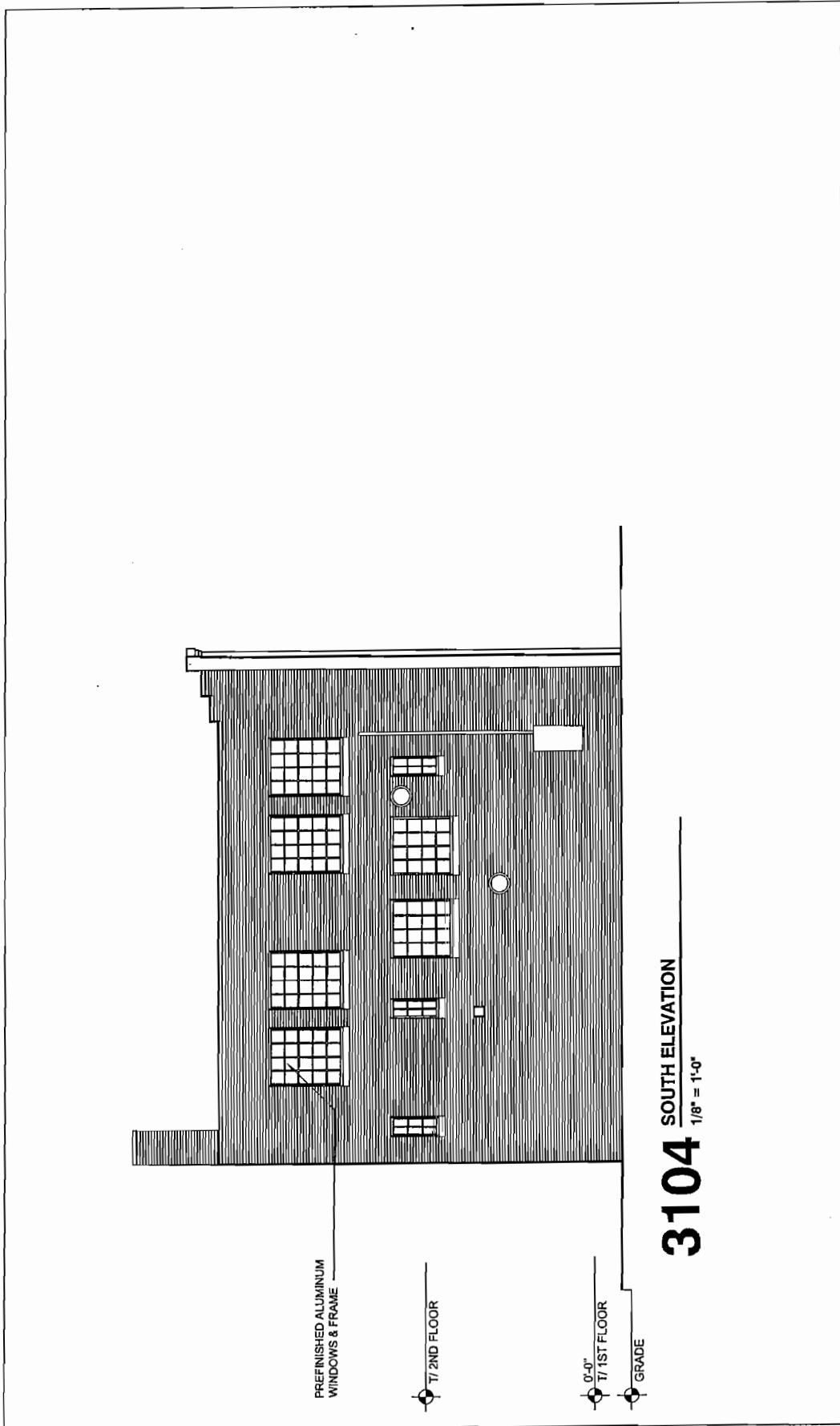
**PATZKE BUILDING  
PALATINE, ILLINOIS**

DATE: 09.22.2008 JOB NUMBER: 208127  
DRAWN BY: JB REFERENCE:

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**SK-03**

Job#



SK-06

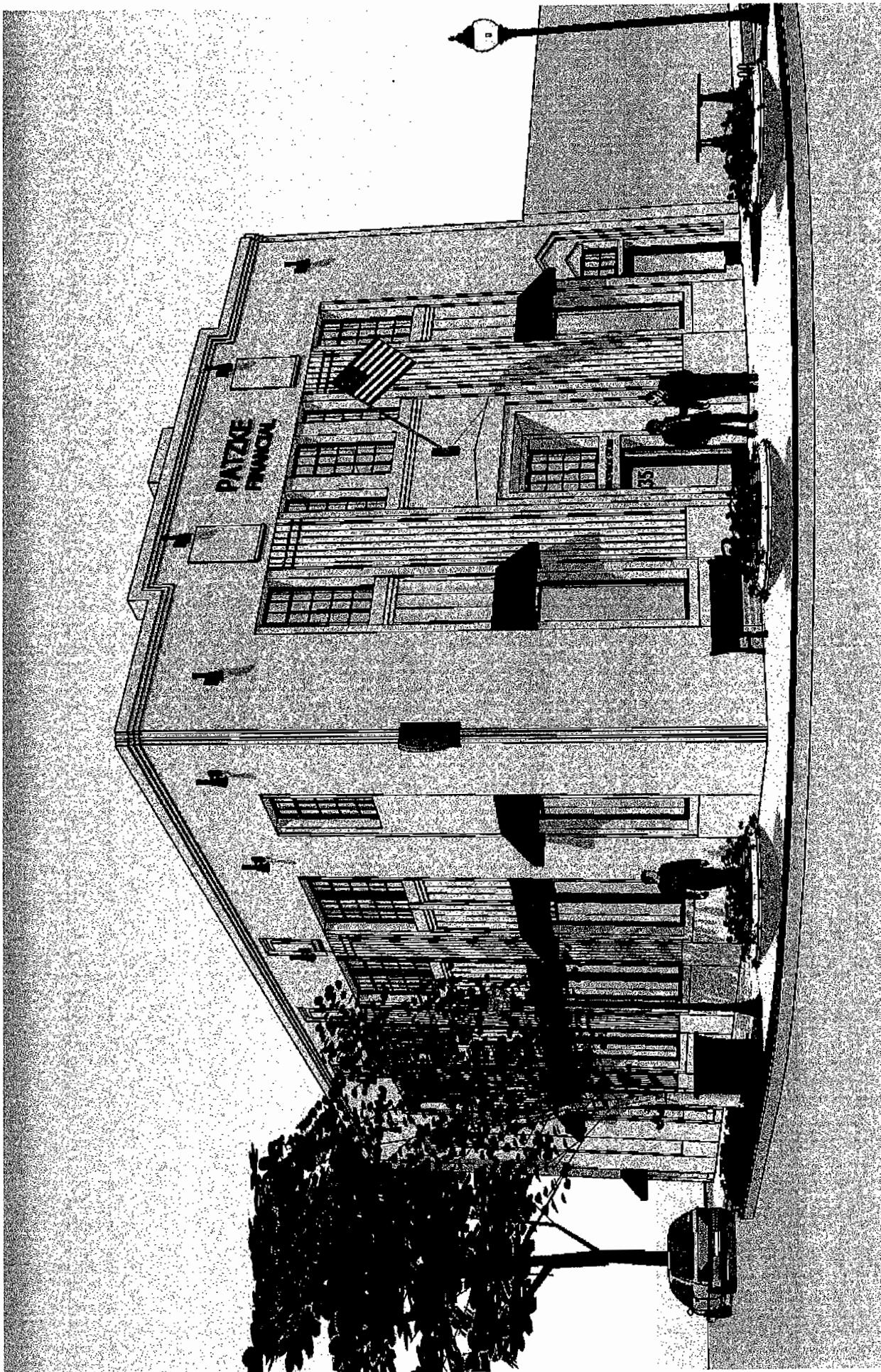
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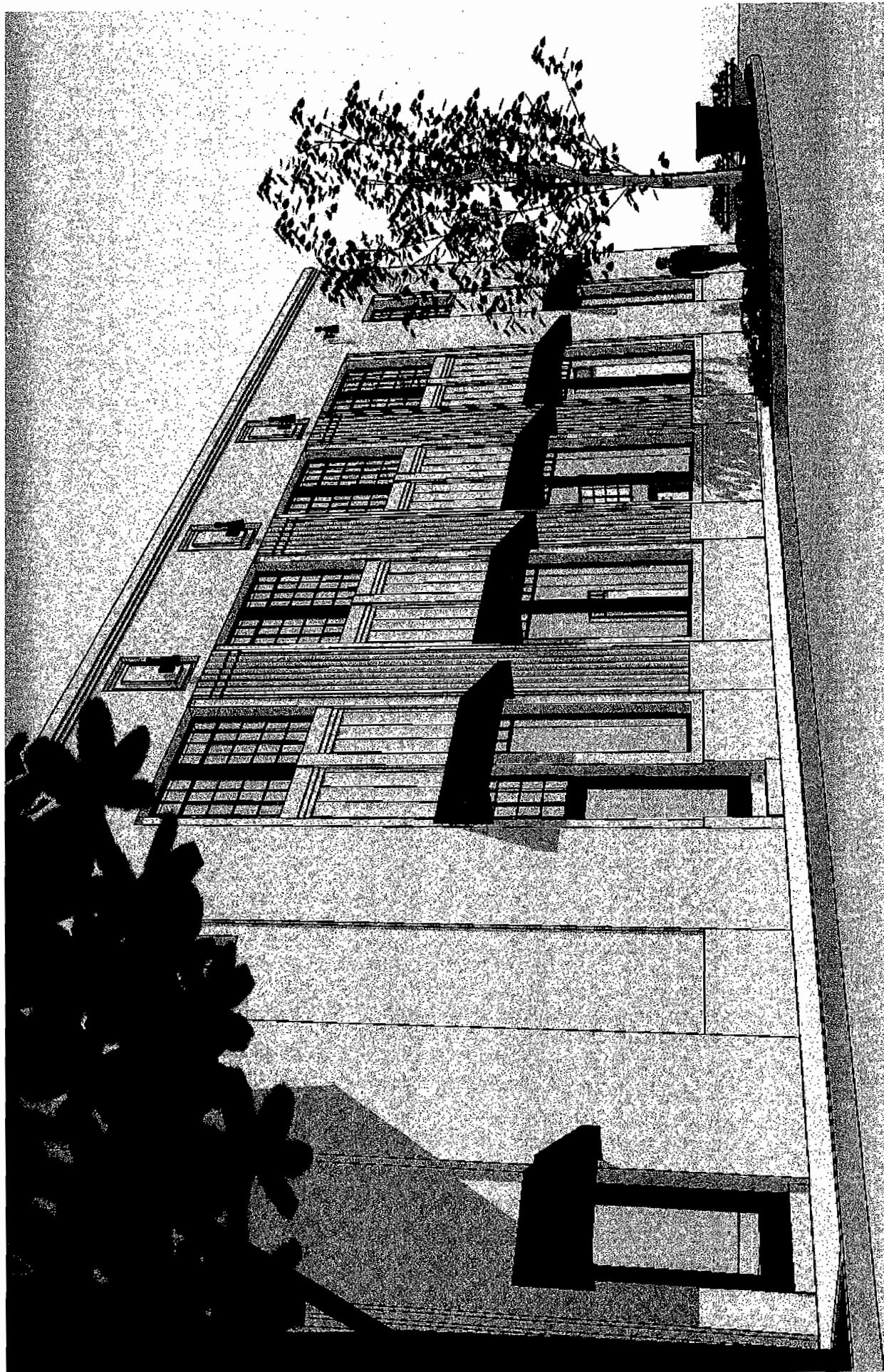
**PATZKE BUILDING**  
**PALATINE, ILLINOIS**

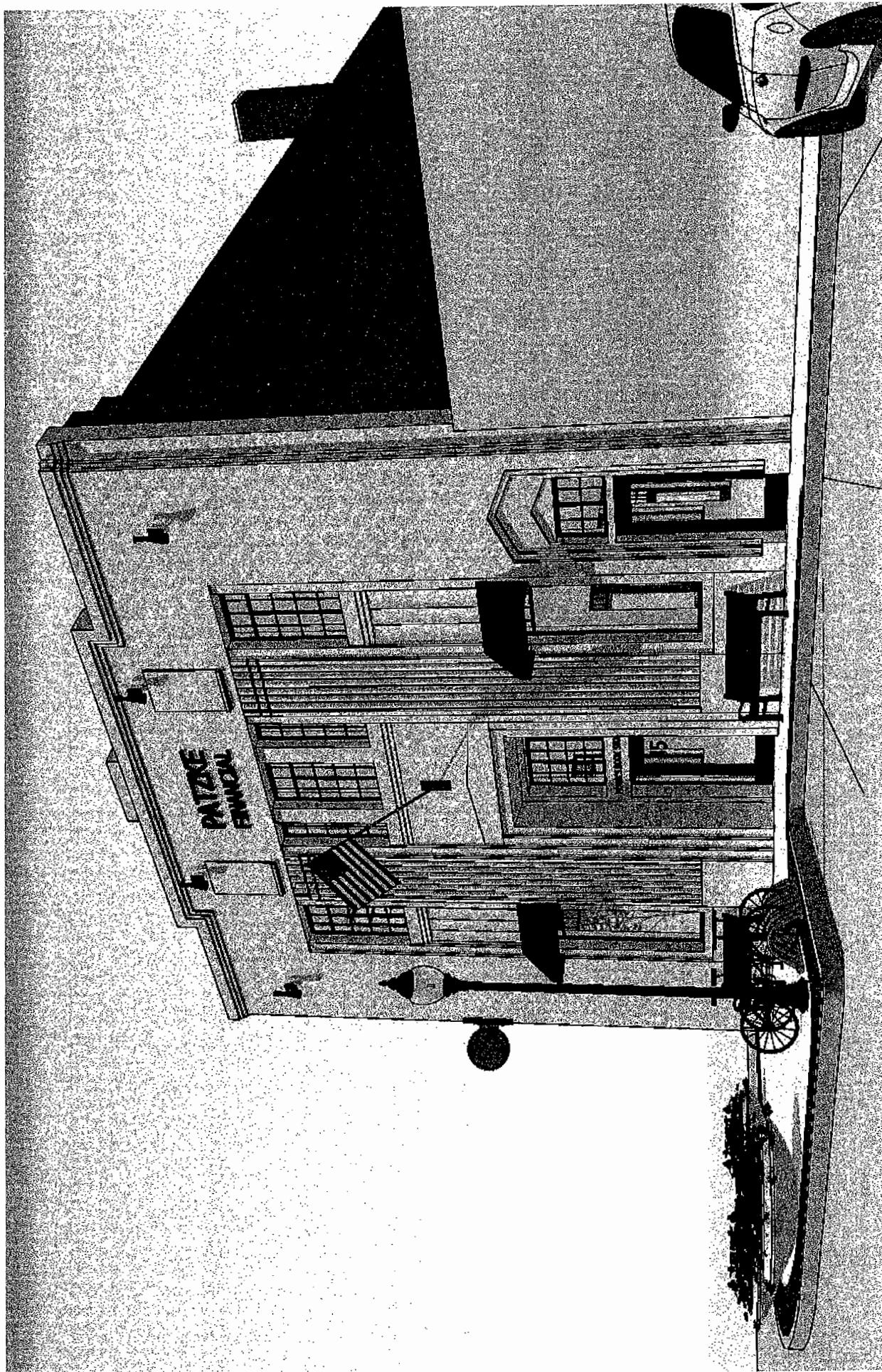
DATE:	09.22.2008	JOB NUMBER:	208127
DRAWN BY:	JB	REFERENCE:	

**BEHLES+BEHLES**  
architecture interior design planning  
www.behlesbehles.com

819 CHURCH STREET  
ELGIN, ILLINOIS 60221  
T 847.854.2440  
F 847.854.2445

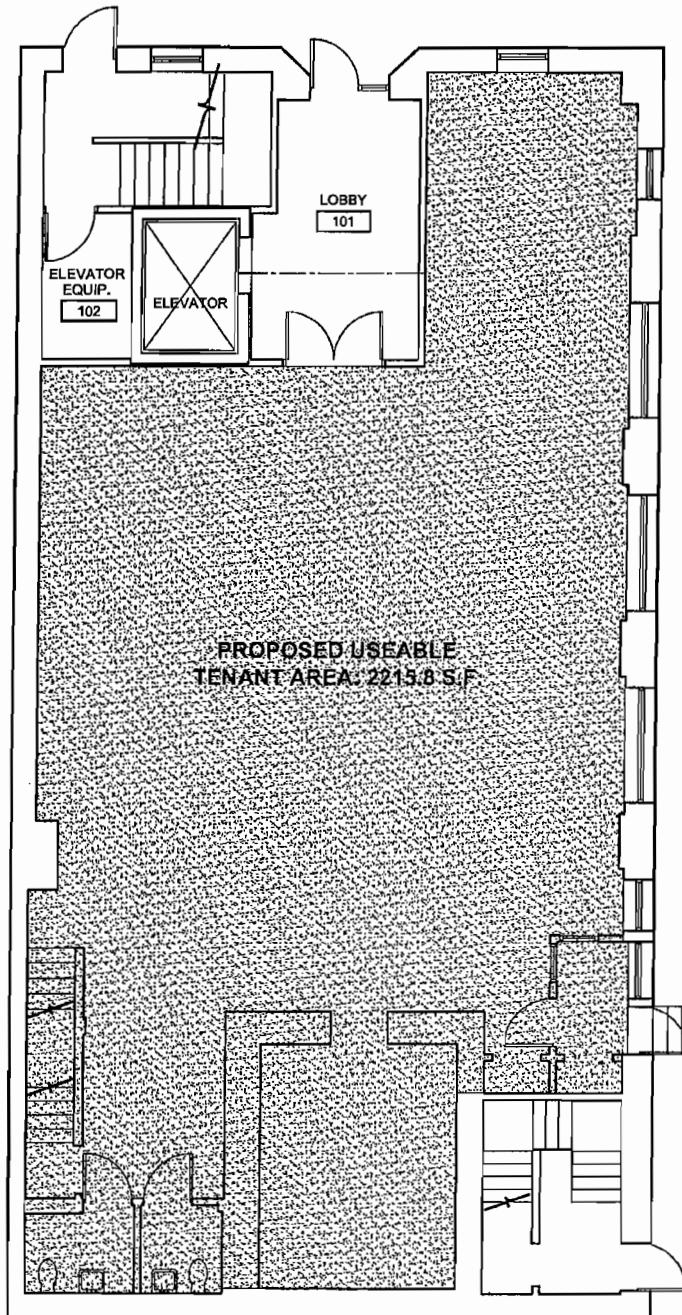






**Exhibit C**  
**Interior Improvement List**

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**A** FIRST FLOOR  
3/32"=1'-0"

207129

11.26.2008

**PATZKE BLDG.**

**BEHLES+BEHLES**  
architectureinteriordesignplanning [WWW.BEHLESBEHLES.COM](http://WWW.BEHLESBEHLES.COM)

**Exhibit D**  
**Incremental Property Tax Projections EAV Scenario**

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**Exhibit E**

**FSKS Disclosure**

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December 10, 2008

Village of Palatine  
200 East Wood Street  
Palatine, Illinois 60067-5339

To whom it may concern:

This letter is to verify that Frank T. Patzke is the sole member of the FSKS Properties Limited Liability Company.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank T. Patzke".

Frank T. Patzke, sole member

FSKS Properties LLC  
1046 East Marion Street  
Arlington Heights, Illinois 60004

---

**OPERATING AGREEMENT OF**  
**FSKS PROPERTIES, LLC**

THIS LIMITED LIABILITY COMPANY AGREEMENT ("Agreement") is made and entered into as of the 16<sup>th</sup> day of January 2007, by FRANK PATZKE, of 1046 East Marion Street, Arlington Heights, Illinois (hereinafter referred to as "Member") and FRANKE PATZKE, as Manager ("Manager").

**RECITALS**

- A. FSKS PROPERTIES, LLC ("Company") was formed as an Illinois limited liability company on September 14, 2007, by the filing of Articles of Organization with the Secretary of State of the State of Illinois.
- B. The Members desire to provide for certain agreements governing the business and affairs of the Company.

**AGREEMENTS**

**1. Name.**

The name of the Company is FSKS Properties, LLC; provided that the Manager may, from time to time, change the name of the Company to any name permitted by the Illinois Limited Liability Company Act, 805 ILCS 180/1-1 through 805 ILCS 180/60-1, as the same may be amended from time to time ("Act").

**2. Registered Office and Registered Agent.**

The Company's registered office in the State of Illinois is 208 South LaSalle, Suite 1200, Chicago, Illinois 60604. The name of the Company's registered agent at such address is Robert M. Gomberg. The Manager may, from time to time, change the registered office and the registered agent of the Company.

**3. Term.**

The term of the Company shall be perpetual, unless the Company is earlier dissolved in accordance with the provisions of this Agreement.

**4. Business of the Company.**

The business of the Company shall be to engage in any lawful businesses and activities for which limited liability companies may be organized under the Act.

---

**5. Ownership.**

As of the date hereof, the Members own all of the limited liability company interests in the Company.

**6. Manager-Managed.**

The business and affairs of such Company shall be managed exclusively by the Manager and by such officers of the Company, if any, as may be appointed from time to time by the Manager pursuant to Paragraph 8 of this Agreement. Except where the approval of the Members is expressly required by non-waivable provisions of the Act, the Manager shall have full and complete authority, power and discretion to direct, manage and control the business, affairs and properties of the Company. Frank Patzke shall be the "Manager" and, in the event of the death, incompetency, resignation, removal, bankruptcy or the execution of an assignment for the benefit of creditors of the Manager, then Susan Carsello shall replace him as such Manager.

**7. Powers and Authority of the Manager.**

Without limiting the generality of Paragraph 6, all decisions relating to the management and control of the conduct of the business of the Company and its affairs shall be made by the Manager, including, but not limited to, decisions, by unanimous consent, relating to any of the following: (i) the selection of representatives of the Company to serve on the management, supervisory or other governing boards or bodies of any company or other organization in which the Company owns an interest; (ii) the hiring and termination of employees of the Company; (iii) distributions to the Members; (iv) the opening of bank accounts, the making of loans to any third party, the incurrence or refinancing of indebtedness of the Company, and the encumbering of Company property; (v) the selection of attorneys, accountants, appraisers and agents; and (vi) the entry into or performance of, on behalf of the Company, all other contracts, agreements and other undertakings and the taking of any other action as may be necessary or advisable in the judgment of the Manager or incident to carrying out in the business of the Company. Any contract, agreement, instrument or other document to which the Company is a party and which is duly authorized by the Manager may be signed by either Manager or an authorized officer of the Company, and no other signatures shall be required.

**8. Officers.**

The Manager may appoint such officers and agents as they shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Manager.

---

**9. Indemnification.**

Subject to the provisions of the fourth sentence of this Paragraph, the Company shall indemnify and hold harmless each Member and Manager (each an "Indemnified Party"), from any loss, liability or damage incurred or suffered by such Indemnified Party by reason of any act performed or omitted to be performed by such Indemnified Party in connection with the business of the Company, including attorneys' fees incurred by such Indemnified Party in connection with the defense of any claim or action based on any such act or omission, which attorneys' fees may be paid as incurred, except to the extent indemnification is prohibited by law. All judgments or other assessments against the Company wherein an Indemnified Party is entitled to indemnification pursuant to this Paragraph 9 shall be satisfied solely from the Company assets. Any indemnification required herein to be made by the Company shall be made promptly following the fixing of the loss, liability or damage incurred or suffered by a final judgment of any court, settlement, contract or otherwise. The Indemnified Parties (a) shall be entitled to the foregoing indemnification, and (b) shall not be liable to the Company for any loss, liability or damage suffered or incurred by the Company, directly or indirectly, in connection with its or their activities, provided that no Person whose action or omission to act caused the loss, liability or damage incurred or suffered may receive indemnification or avoid liability by virtue of this Paragraph 9 if such course of conduct constituted fraud, gross negligence or willful misconduct. Expenses incurred in defending a civil or criminal action, suit or proceeding, may be paid by the Company in advance of the final disposition of such action, suit or proceeding as authorized by the Manager in the specific case, upon receipt of an undertaking by or on behalf of the Indemnified Party to repay such amount if it shall ultimately be determined that the Indemnified Party is not entitled to be indemnified by the Company as authorized by this Paragraph.

**10. Transferability.**

Except as otherwise specifically provided herein and for transfers to grantor for estate planning purposes, no Member shall have the right, as to all or any part of its Membership Interest to: (a) sell, assign, pledge, hypothecate, transfer, exchange or otherwise transfer for consideration, (collectively, "sell"); or (b) gift, bequeath or otherwise transfer for no consideration (whether or not by operation of law, except in the case of bankruptcy).

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**11. Right of First Refusal.**

(a) All Members shall be prohibited from transferring their Membership Interest within one year from the date of this Operating Agreement. (b) If a selling member desires to sell all or any Portion of its Membership Interest in the Company to a third party purchaser, the selling Member shall obtain from such third party purchaser a bona fide written offer to purchase such interest, stating the terms and condition upon which the purchase is to be made and the consideration offered. The selling Member shall give written notification to the remaining Members, by certified mail or personal delivery, of its intention to so transfer such interest, furnishing to the remaining Members a copy of the written offer to purchases such interest. (c) The remaining Members have the right to exercise a right of first refusal to purchase the interest proposed to be sold by the selling Member upon the same terms and conditions as stated in the aforesaid written offer to purchase by giving written notification to the selling Member, by certified mail or personal delivery, of their intention to do so within forty-five days after receiving written notice from the selling Member. Any portion of the Seller Member's Membership Interest not purchased by other Members shall result in the termination of the right of the first refusal to the extent of such portion and the selling Member shall be entitled to consummate the sale of its remaining interest in the Company, to such third party purchaser, provided that the sale shall be consummate within sixty days following the expiration of the aforesaid forty-five day period. (d) In the event the remaining Members give written notice to the selling Member of their desire to exercise this right of first refusal and to purchase all or a portion of the selling Member's interest in the Company which the selling Member desires to sell upon the same terms and conditions as are stated in the aforesaid written offer to purchase the remaining Members shall have the right to designate the time, date and place of closing, provided that the date of closing shall be within sixty days after written notification to the Selling Member of the remaining Member of Members' election to exercise their right of the first refusal.

**12. Additional Members.**

From the date of the formation of the Company, any Person or Entity acceptable to the Members by their unanimous vote thereof may become a Member in this Company either by the issuance by the Company of Membership Interests for such consideration as the Members by their unanimous votes shall determine, or as a transferee of a Member's Membership Interest of any portion thereof, subject to the terms and conditions of this Operating Agreement. No new Members shall be entitled to any retroactive allocation of losses, income or expense deductions incurred by the Company. The Manager(s) may, at their option, at the time a Member is admitted, close the Company books (as though the Company's tax year has ended) or make pro rata allocations of loss, income and expense deductions to a new Member for the portion of the Company's tax year in which a Member was admitted in accordance

with the provisions of Code Section 706(d) and the Treasury Regulations promulgated thereunder.

**13. Dissolution.**

The Company shall be dissolved upon the occurrence of either of the following events: (a) by the written agreement of the Members; or (b) the sale of substantially all of the assets of the Company.

**14. Inconsistencies.**

In the event of any inconsistency between this Agreement and the Act, to the extent permitted by applicable law, the terms of this Agreement shall govern.

**15. Applications of Illinois Law.**

This Agreement and its interpretations shall be governed exclusively by its terms and by the laws of the State of Illinois.

**16. Amendments.**

This Agreement may not be amended except in writing by the unanimous consent of Members.

**17. Heirs, Successors and Assigns.**

This Agreement shall be binding upon and inure to the benefit of the Members and their heirs, legal representatives, successors and assigns.

**18. Creditors.**

None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the company.

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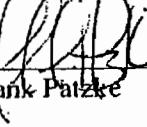
IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

**MEMBER:**



\_\_\_\_\_  
Frank Patzke

**MANAGER:**



\_\_\_\_\_  
Frank Patzke

---

### MEMBERSHIP INTERESTS

<u>MEMBER</u>	<u>PERCENTAGE OF OWNERSHIP</u>
Frank Patzke	100%

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 an Ordinance passed and adopted by the Village Council of the Village of Palatine at a Regular meeting held on the 15th day of December, 2008, and that said ordinance was deposited and filed in the office of the Village Clerk on the 15 day of December, 2008.

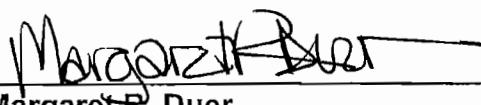
I do further certify that the original of which the foregoing is a true copy, is entrusted to my care for safekeeping and that I am the keeper of the same.

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 24th day of February, 2009.

(S E A L)

  
Margaret R. Duer  
Palatine Village Clerk

**ORDINANCE NO. 0-188-08**

**AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE A SECOND  
AMENDMENT TO REDEVELOPMENT AGREEMENT BETWEEN THE VILLAGE OF  
PALATINE AND R. FRANCZAK & 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  
(THE HERITAGE CONDOMINIUM AND BROWNSTONE DEVELOPMENT)**

**Published in pamphlet form by authority of the  
Mayor and Village Council of the Village of Palatine  
on December 15, 2008**

ORDINANCE NO. 0-188-08

AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE  
A SECOND AMENDMENT TO REDEVELOPMENT AGREEMENT  
BETWEEN THE VILLAGE OF PALATINE AND R. FRANCZAK & 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  
(THE HERITAGE 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, pursuant to Ordinance #0-138-06, the Village of Palatine entered into a Redevelopment Agreement with R. Franczak & Associates, Inc., dated August 7, 2006, for 48, 56, & 64 S. Greeley, 149 W. Johnson Street, and 37 – 61 (odd #s) Smith Street in Downtown Palatine; and

WHEREAS, pursuant to Ordinance #0-34-08, the Village of Palatine entered into a First Amendment to Redevelopment Agreement with R. Franczak & Associates, Inc., dated March 17, 2008, for 48, 56, & 64 S. Greeley, 149 W. Johnson Street, and 37 – 61 (odd #s) Smith Street in Downtown Palatine; and

WHEREAS, the Mayor and Village Council have on December 15, 2008, considered the proposed Second Amendment to 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.

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 15th day of December, 2008

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

APPROVED by me 15th day of December, 2008



\_\_\_\_\_  
Mayor of the Village of Palatine

ATTESTED and FILED in the office of the Village Clerk

This 15th day of December, 2008



\_\_\_\_\_  
Village Clerk

**TYPE: ORDINANCE** **SUBMITTED BY: ADMINISTRATION** **DATE: 12/15/2008**

**DESCRIPTION:** Consider an Ordinance authorizing the Mayor to execute a Second Amendment to the Redevelopment Agreement for The Heritage condominium and brownstone development (48, 56 & 64 S. Greeley Street, 149 W. Johnson Street, and 37-61 (odds #s) S. Smith Street).  
(R. Franczak & Associates) (District: 6)

**COMMITTEE ACTION:**

**DATE:**

**BACKGROUND:**

On August 7, 2006, the Village Council approved the proposal by R. Franczak & Associates for the redevelopment of the Subject Property with one condominium building (48 units) and seven (7) brownstone units. The Council later approved a First Amendment to the Redevelopment Agreement on March 17, 2008. The First Amendment adjusted the default date for when the foundation for the brownstone building needed to be completed. The foundation has been installed; however, the Petitioner is requesting an extension for the project's completion date. Due to these circumstances, the Council's approval of the following has been requested:

**Ordinance authorizing the Mayor to execute a Second Amendment to the Redevelopment Agreement for The Heritage development in downtown Palatine.**

**KEY ISSUES:**

- ✓ The proposed amendment would shift the default date for the completion of the project from June 30, 2009 to June 30, 2010.
- ✓ In conjunction with the proposed adjustment to the project's default completion date, the amount of TIF benefit for eligible expenses will be reduced by \$50,000.
- ✓ All other aspects of the previously approved Redevelopment Agreement would remain in effect.

**ALTERNATIVES:**

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

**RECOMMENDATION:**

Staff recommends approval of an Ordinance authorizing the Mayor to execute a Second Amendment to the Redevelopment Agreement for The Heritage development in downtown Palatine.

**ACTION REQUIRED:**

Motion to recommend approval of an Ordinance authorizing the Mayor to execute a Second Amendment to the Redevelopment Agreement for The Heritage development.



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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 schedule of revenues and other sources, expenditures and other financing uses and changes in fund balances of the Dundee Road and Rand/Dundee Tax Increment Financing District Fund, Downtown Tax Increment Financing District Fund, and the Rand Road Corridor Tax Increment Financing District Fund of the Village of Palatine, Illinois for the year ended December 31, 2008. These financial statements are the responsibility of the Village of Palatine, Illinois' management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The accompanying financial statements present only the Dundee Road and Rand/Dundee Tax Increment Financing District Fund, Downtown Tax Increment Financing District Fund, and the Rand Road Corridor Tax Increment Financing District Fund and are not intended to present fairly the financial position and changes in financial position of the Village of Palatine, Illinois in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the changes in financial position of the Dundee Road and Rand/Dundee Tax Increment Financing District Fund, Downtown Tax Increment Financing District Fund, and the Rand Road Corridor Tax Increment Financing District Fund of the Village of Palatine, Illinois for the year ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

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

Aurora, Illinois  
May 29, 2009

## VILLAGE OF PALATINE, ILLINOIS

## TAX INCREMENT FINANCING DISTRICTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCESFor the Year Ended  
December 31, 2008

	Dundee Road and Rand/Dundee TIF	Downtown TIF	Rand Road Corridor TIF
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Property taxes			
Rand/Dundee TIF	\$ 3,573,439	\$ -	\$ -
Downtown TIF	-	5,612,469	-
Rand Road Corridor TIF	-	-	3,198,105
Investment income	273,320	125,655	44,419
Miscellaneous	-	41,920	-
 Total revenues	 3,846,759	 5,780,044	 3,242,524
 <b>EXPENDITURES AND OTHER FINANCING USES</b>			
Economic development			
Project expenditures	-	1,097,912	13,669,079
Land acquisition	-	1,936,736	-
Administration	-	257,602	142,206
Debt service			
Principal	7,555,000	2,349,337	2,285,739
Interest and fiscal charges	486,735	1,882,470	731,901
 Total expenditures	 8,041,735	 7,524,057	 16,828,925
 <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	 (4,194,976)	 (1,744,013)	 (13,586,401)
 <b>OTHER FINANCING SOURCES (USES)</b>	 -	 -	 1,230,159
 <b>NET CHANGES IN FUND BALANCES</b>	 (4,194,976)	 (1,744,013)	 (12,356,242)
 <b>FUND BALANCES, JANUARY 1</b>	 12,588,735	 6,641,163	 13,510,765
 <b>FUND BALANCES, DECEMBER 31</b>	 \$ 8,393,759	 \$ 4,897,150	 \$ 1,154,523

(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, 2008

	Dundee Road and Rand/Dundee TIF	Downtown TIF	Rand Road Corridor TIF
<b>BEGINNING BALANCES, JANUARY 1, 2008</b>	<b>\$ 12,588,735</b>	<b>\$ 6,641,163</b>	<b>\$ 13,510,765</b>
<b>ADDITIONS</b>			
Property taxes			
Dundee Road TIF	3,573,439	-	-
Downtown TIF	-	5,612,469	-
Rand Road Corridor TIF	-	-	3,198,105
Investment income	273,320	125,655	44,419
Proceeds from sale of capital assets	-	-	1,230,159
Miscellaneous	-	41,920	-
<b>Total additions</b>	<b>3,846,759</b>	<b>5,780,044</b>	<b>4,472,683</b>
<b>BEGINNING BALANCES PLUS ADDITIONS</b>	<b>16,435,494</b>	<b>12,421,207</b>	<b>17,983,448</b>
<b>DEDUCTIONS</b>			
Economic development			
Project expenditures	-	1,097,912	13,669,079
Land acquisition	-	1,936,736	-
Administration	-	257,602	142,206
Debt service			
Principal	7,555,000	2,349,337	2,285,739
Interest and fiscal charges	486,735	1,882,470	731,901
<b>Total deductions</b>	<b>8,041,735</b>	<b>7,524,057</b>	<b>16,828,925</b>
<b>ENDING BALANCES, DECEMBER 31, 2008</b>	<b>\$ 8,393,759</b>	<b>\$ 4,897,150</b>	<b>\$ 1,154,523</b>
<b>ENDING BALANCES BY SOURCE</b>			
Property taxes	\$ 4,642,271	\$ (891,836)	\$ (982,344)
Investment income	3,751,488	-	-
Investment in land held for resale	-	5,788,986	2,136,867
<b>Subtotal</b>	<b>8,393,759</b>	<b>4,897,150</b>	<b>1,154,523</b>
<b>Less Surplus Funds</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ENDING BALANCES, DECEMBER 31, 2008</b>	<b>\$ 8,393,759</b>	<b>\$ 4,897,150</b>	<b>\$ 1,154,523</b>

(See independent auditor's report.)



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Members of American Institute of  
Certified Public Accountants &  
Illinois CPA Society

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH PUBLIC ACT 85-1142

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

We have audited the basic, combining and individual fund financial statements of the Village of Palatine, Illinois, as of and for the year ended December 31, 2008, and have issued our separate report thereon dated May 29, 2009. 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, 2008, for the Dundee Road and Rand/Dundee Tax Increment Financing District Fund, Downtown Tax Increment Financing District Fund, and the Rand Road Corridor Tax Increment Financing District Fund. The management of the Village of Palatine, Illinois, is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Village of Palatine, Illinois' compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Village of Palatine, Illinois, complied, in all material respects, with the requirements of subsection (q) of Illinois Compiled Statutes 65 (ILCS) 5/11-74.43 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) for the year ended December 31, 2008, for the Dundee Road and Rand/Dundee Tax Increment Financing District Fund, Downtown Tax Increment Financing District Fund, and the Rand Road Corridor Tax Increment Financing District Fund.

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

Aurora, Illinois  
May 29, 2009