



MEMORANDUM

TO: Mayor Prussing
City Council Members

FROM: Bruce Walden

DATE: December 8, 2005

RE: Amended Gill Agreement

Background

The purpose of this memo is to seek approval for the Mayor to enter into an amended redevelopment agreement with Bear Properties, LLC. The original development agreement was approved by the Urbana City Council in January of 2005. That agreement called for the developer to build a new “spec” retail building and for the City to subsidize the project annually for a ten-year period. The agreement further called for the City to vacate the Cunningham Avenue and Courtesy Road abandoned rights-of-way.

Unfortunately, as was documented in the November 3, 2005 letter by Tom Harrington to the City Council (attached), this plan encountered engineering problems. The insurmountable problem discovered after due diligence related to the new construction was the location of a City sewer and multiple utility easements. The location of these facilities preclude new construction on the site of the proposed retail building. Therefore the amended agreement provides for the rehabilitation of the existing shell building for a retail use. The building ownership will be transferred for a retail medical uniform store. The loan will be made by a lender directly to the new owner of the uniform business.

Since this is not new construction, the level of TIF subsidy has been reduced from the original agreement. The original subsidy was \$7,500 per year for ten years. The right-of-way vacation is treated as was originally outlined in the development agreement. The City will retain certain easements as set forth in the attached vacation plat.

Planning Considerations

The property proposed for development falls within the boundaries of Tax Increment Finance District 2 . The TIF District was established as part of the Urbana Downtown Tax Increment Area II Conservation-Redevelopment Plan and Projects (TIF 2 Plan, adopted December 16, 1986, and currently proposed for amendment). The TIF allows for the City of Urbana to apply TIF funds for public infrastructure and other eligible improvements within the Redevelopment Project Area.

As stated in the Downtown Strategic Plan adopted February 4, 2002, the area along Broadway Avenue is suitable for additional commercial uses as a key entrance to the downtown. It is hoped that the completion of other downtown projects, such as Lincoln Square Village and Stratford Residences will attract new commercial developments that will help serve the retail and service needs of the community and region. Bear Properties own the remainder of the Gill Sports site and is interested in pursuing future development upon expiration of current leases.

The leveraging of private funds to redevelop and improve properties in the North Broadway Avenue area is consistent with the goals of the TIF 2 Plan and the Downtown Strategic Plan. It is also a goal to increase the amount of commercial business space in the City of Urbana and to increase the property tax base within TIF 2. In light of these facts, it is in the City's best interest to provide certain financial incentives in order to allow this project to occur.

Fiscal Impact

The agreement commits the developer to \$200,000 of rehabilitation of the existing facility. An EAV increment of \$66,000 would yield approximately \$5,600 annually in TIF tax revenue. Sales, utility and other City taxes and fees are not specifically calculated; however, total revenues should exceed \$8,000 annually. Taxes will also be levied against the vacated right-of-way. The loan and grant program is a one-time cost of \$13,740.33.

Recommendation

Staff requests City Council approval of the development agreement between the City of Urbana and Bear Properties, LLC, as generally described herein, through approval of the proposed ordinance and development agreement for the following reasons:

1. While not the new building construction originally proposed, this proposal is a reasonable alternative.
2. There is a specific retail use proposed that will be long-term with the sale of the parcel, which is an improvement over the original proposal.
3. The City incentive has been modified to simply the loan program (\$13,740).

4. **The vacation of the right-of-way permits compliance with parking needs and becomes taxable property.**
5. **The proposal is consistent with the Downtown Plan and the TIF #2 Plan**

BKW:ss

Exhibits

- A. **Adopting Ordinance**
- B. **Redevelopment Agreement**



COLDWELL BANKER COMMERCIAL
DEVONSHIRE REALTY
201 W. SPRINGFIELD AVE., 4TH FL., PO 140
CHAMPAIGN, IL 61824-0140
BUS. (217) 352-7712
FAX (217) 352-5513
EMAIL champaign@devonshire-realty.com
WEBSITE www.devonshire-realty.com

November 3, 2005

Bruce Walden
City of Urbana
400 S. Vine
Urbana, IL 61801

Re: 400 N. Broadway – Bear Properties

Dear Bruce:

This letter will serve to update you concerning the redevelopment of the above-referenced property.

As you know, the existing structure was partially demolished by the previous owner. The structure currently has no interior drywall, plumbing, heating or air conditioning. It has been in this condition and unheated for over three years. This has caused continuing deterioration of the property. Therefore, plans were made to demolish the structure and construct a new building on the site, which was anticipated to be a combination of office and retail.

With this plan in mind, Bear Properties executed a Development Agreement with the City that provided for the vacation of Cunningham Avenue and a 65% tax increase benefit. The tax benefit was reduced to 65% because of the uncertainty concerning how much of the proposed use would be retail.

As the plans were finalized, serious limitations to the redevelopment were encountered. A large sanitary sewer line, the location of which was uncertain on the maps, runs underneath the site and several other utilities are located in the footprint of the proposed building. At the conclusion of the engineering process, it was not physically or economically feasible to construct the building as contemplated in the Development Agreement. In fact, the only viable alternative was to use the existing structure with the possibility of an addition.

Therefore, Bear Properties began to pursue the possibilities of redevelopment of the existing structure. We have reached an agreement with Mike Talkington of Star Uniforms to occupy the building in its entirety for a medical uniform sales facility.

201 W. Springfield Avenue, 4th Floor
P.O. Box 140
Champaign, Illinois 61824-0140
BUS (217) 352-7712
FAX (217) 352-5513

3300 W. Willow Knolls
Peoria, Illinois 61614
BUS (309) 692-6100
FAX (309) 692-5977

3201 Old Jacksonville Road
Springfield, Illinois 62707
BUS (217) 547-6650
FAX (217) 726-3181

The plans call for:

- Completing the interior demolition and refurbishing it for retail use.
- Replacing the exterior siding with a modern drivet look.
- Replacing all windows and entrances with those appropriate for retail use.
- New lighting will provide a professional, upscale retail look for the building.

The total investment in construction will be between \$150,000 and \$200,000 with future plans that call for an expansion as business growth warrants.

We, therefore, request to modify the Development Agreement to allow for this remodeling in lieu of the construction of the new building. We propose to leave all other terms and conditions the same with the exception of modifying the dates as necessary.

This offers a number of advantages.

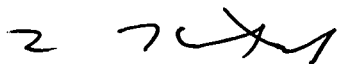
- The current building is not habitable and will decline further to the point of requiring demolition. The construction of any new building is not possible due to the previously mentioned constraints.
- The building will be completely occupied by retail use, which will generate tax revenue. This determination of the use will ensure the City of tax revenue in excess of what could have occurred in the original Agreement.
- The equalized value of the property will increase and absent this project, would, in fact, decrease, as the building would be demolished.
- The vacation of the right-of-way returns the property to the tax rolls and eliminates the cost of maintaining a right-of-way, which serves no purpose.
- The right-of-way is necessary for the project to support parking for a retail use on the site.

We very much appreciate your patience and understanding with regard to this matter. We believe the final result is very positive for the City. Star Uniform currently operates at other locations that are in proximity to hospital campuses and are very successful. This business would be a good long-term retail addition to downtown Urbana.

Please don't hesitate to contact us if you have any questions. Please advise as to how the City would like to proceed.

Thank you.

Very truly yours,



Thomas E. Harrington, Jr.

ORDINANCE NO. 2005-12-177

AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE
A DEVELOPMENT AGREEMENT WITH BEAR PROPERTIES, LLC
(400 North Broadway Avenue - Downtown Rehabilitation

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF
THE CITY OF URBANA, ILLINOIS, AS FOLLOWS:

Section 1. That a Development Agreement authorizing allocation of funds for financial incentives associated with the development of a new commercial building to be located at 400 North Broadway Avenue, between the City of Urbana and Bear Properties, LLC, an Illinois Limited Liability Company, in substantially the form of the copy of said agreement attached hereto and hereby incorporated by reference, be and the same is hereby authorized and approved.

Section 2. That the Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute and deliver and the City Clerk of the City of Urbana, Illinois, be and the same is authorized to attest to said execution of said Agreement as so authorized and approved for and on behalf of the City of Urbana, Illinois.

PASSED by the City Council this _____ day of
_____, _____.

AYES:

NAYS:

ABSTAINS:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of

_____, _____.

Laurel Lunt Prussing, Mayor

REDEVELOPMENT AGREEMENT

by and between the

CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS

and

BEAR PROPERTIES LLC

Dated as of December 1, 2005

Document Prepared By:

**Kenneth N. Beth
Evans, Froehlich, Beth & Chamley
44 Main Street, Third Floor
P.O. Box 737
Champaign, IL 61820**

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| EXHIBIT C | Vacation Plat |

REDEVELOPMENT AGREEMENT

THIS REDEVELOPMENT AGREEMENT (including any exhibits and attachments hereto, collectively, this **“Agreement”**) is made and entered into as of December 1, 2005, but actually executed by each of the parties on the dates set forth beneath their respective signatures below, by and between the **City of Urbana, Champaign County, Illinois**, an Illinois municipal corporation (the **“City”**), and **Bear Properties LLC**, an Illinois limited liability company (the **“Developer”**).

RECITALS

WHEREAS, in accordance with and pursuant to the Tax Increment Allocation Redevelopment Act (presently codified at 65 ILCS 5/11-74.4-1 *et seq.*), as supplemented and amended (the **“TIF Act”**), including by the power and authority of the City as a home rule unit under Section 6 of Article VII of the Constitution of Illinois, the City Council of the City (the **“Corporate Authorities”**) did adopt an ordinance (Ordinance No. 8687-45 on December 23, 1986) including as supplemented and amended by certain ordinances (Ordinance No. 9394-101 on May 16, 1994, Ordinance No. 2002-06-064 on June 17, 2002 and Ordinance No. 2005-03-32 on March 21, 2005) (collectively, the **“TIF Ordinances”**); and

WHEREAS, under and pursuant to the TIF Act and the TIF Ordinances, the City designated the Downtown Urbana Tax Increment Redevelopment Project Area Number Two (the **“Redevelopment Project Area”**) and approved the related redevelopment plan, as supplemented and amended (the **“Redevelopment Plan”**), including the redevelopment projects described in the Redevelopment Plan (collectively, the **“Redevelopment Projects”**); and

WHEREAS, as contemplated by the Redevelopment Plan and the Redevelopment Projects, the Developer proposes to rehabilitate, reconstruct, repair or remodel (or cause to be done) the Private Development Project (including related and appurtenant facilities as more fully defined below) on the Development Project Site (as defined below); and

WHEREAS, the Development Project Site (as defined below) is within the Redevelopment Project Area; and

WHEREAS, the Developer is unwilling to undertake the Private Development Project without certain tax increment finance (“**TIF**”) incentives from the City, which the City is willing to provide, and the City has determined that it is desirable and in the City’s best interests to assist the Developer in the manner set forth herein and as this Agreement may be supplemented and amended; and

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

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. For purposes of this Agreement and unless the context clearly requires otherwise, the capitalized words, terms and phrases used in this Agreement shall have the meaning provided in the above Recitals and from place to place herein, including as follows:

“**Advance Amounts**” means, collectively, amounts to be advanced or paid to the Developer by the City from the proceeds of the Program Grant under and pursuant to Section 3.1 of this Agreement.

“**Development Project Site**” means, collectively, the real estate consisting of the parcel or parcels outlined on Exhibit A hereto upon or within which the Private Development Project is to be located, the existing parcel of which, exclusive of the Courtesy Road right-of-way, is legally described on Exhibit B hereto.

“**Eligible Redevelopment Project Costs**” means those costs paid and incurred in connection with the Private Development Project which are authorized to be reimbursed or paid from the Fund as provided in Section 5/11-74.4-3(q) of the TIF Act.

“**Fund**” means, collectively, the “Special Tax Allocation Fund” for the Redevelopment Project Area established under Section 5/11-74.8 of the TIF Act and the TIF Ordinances.

“**Incremental Property Taxes**” means in each calendar year during the term of this Agreement, the portion of the ad valorem real estate taxes arising from levies upon taxable real

property in the Redevelopment Project Area by taxing districts that is attributable to the increase in the equalized assessed value of the taxable real property in the Redevelopment Project Area over the equalized assessed value of the taxable real property in the Redevelopment Project Area on January 1, 1986 which, pursuant to the TIF Ordinances and Section 5/11-74.4-8(b) of the TIF Act, has been allocated to and when collected shall be paid to the Comptroller of the City for deposit by the Comptroller into the Fund established to pay Eligible Redevelopment Project Costs and other redevelopment project costs as authorized under Section 5/11-74.4-3(q) of the TIF Act.

“Independent” or **“independent”**, when used with respect to any specified person, means such person who is in fact independent and is not connected with the City or the Developer as an officer, employee, partner, or person performing a similar function, and whenever it is provided in this Agreement that the opinion or report of any independent person shall be furnished, such person shall be appointed by the Developer and approved by the City, and such opinion or report shall state that the signer had read this definition and that the signer is independent within the meaning hereof.

“Private Development Project” means the rehabilitation, reconstruction, repair or remodeling of the existing structure upon or within the Development Project Site to accommodate, at least initially, a medical uniform retail sales facility.

“Program Grant” means the grant for interior or exterior renovations under the TIF Redevelopment Incentive Program established by Ordinance No. _____ on _____, 2005.

“Program Loan” means the loan to rehabilitate an existing building or to provide landscaping under the TIF Redevelopment Incentive Program established by Ordinance No. _____ on _____, 2005.

“Related Agreements” means all redevelopment, construction, financing, franchise, loan and lease agreements, whether now or hereafter existing, executed by the Developer in connection with the Private Development Project.

“Requisition” means a request by the Developer for a payment or reimbursement of Eligible Redevelopment Project Costs pursuant to the procedures set forth in Article V of this Agreement.

Section 1.2. 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; and
- (c) 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.
- (d) 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.

ARTICLE II **REPRESENTATIONS AND WARRANTIES**

Section 2.1. Representations and Warranties of the City. In order to induce the Developer to enter into this Agreement, the City hereby makes certain representations and warranties to the Developer, as follows:

(a) **Organization and Standing.** The City is a home rule municipality duly organized, validly existing and in good standing under the Constitution and laws of the State of Illinois.

(b) **Power and Authority.** The City has full power and authority to execute and deliver this Agreement and to perform all of its agreements, obligations and undertakings hereunder.

(c) **Authorization and Enforceability.** The execution, delivery and performance of this Agreement have been duly and validly authorized by all necessary action on the part of the City's Corporate Authorities. This Agreement is a legal, valid and binding obligation of the City, enforceable against the City in accordance with its terms, except to the extent that any and all financial obligations of the City under this Agreement shall be limited to the availability of such Incremental Property Taxes therefor as may be specified in this Agreement and that such enforceability may be further limited by laws, rulings and decisions affecting remedies, and by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforceability of debtors' or creditors' rights, and by equitable principles.

(d) No Violation. Neither the execution nor the delivery of this Agreement or the performance of the City's agreements, obligations and undertakings hereunder will conflict with, violate or result in a breach of any of the terms, conditions, or provisions of any agreement, rule, regulation, statute, ordinance, judgment, decree, or other law by which the City may be bound.

(e) Governmental Consents and Approvals. No consent or approval by any governmental authority is required in connection with the execution and delivery by the City of this Agreement or the performance by the City of its obligations hereunder.

Section 2.2. Representations and Warranties of the Developer. In order to induce the City to enter into this Agreement, the Developer makes the following representations and warranties to the City:

(a) Organization. The Developer is a member managed limited liability company duly organized, validly existing and in good standing under the laws of the State of Illinois, and is duly qualified to transact business in, and is in good standing under, the laws of each of the other states where the Developer is required to be qualified to do business.

(b) Power and Authority. The Developer has full power and authority to execute and deliver this Agreement and to perform all of its agreements, obligations and undertakings hereunder.

(c) Authorization and Enforceability. The execution, delivery and performance of this Agreement has been duly and validly authorized by all necessary action on the part of the Developer's member(s). This Agreement is a legal, valid and binding agreement, obligation and undertaking of the Developer, enforceable against the Developer in accordance with its terms, except to the extent that such enforceability may be limited by laws, rulings and decisions affecting remedies, and by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforceability of debtors' or creditors' rights, and by equitable principles.

(d) No Violation. Neither the execution nor the delivery or performance of this Agreement will conflict with, violate or result in a breach of any of the terms, conditions, or provisions of, or constitute a default under, or (with or without the giving of notice or the passage of

time or both) entitle any party to terminate or declare a default under any contract, agreement, lease, license or instrument or any rule, regulation, statute, ordinance, judicial decision, judgment, decree or other law to which the Developer is a party or by which the Developer or any of its assets may be bound.

(e) **Consents.** No consent or approval by any governmental authority or other person is required in connection with the execution and delivery by the Developer of this Agreement or the performance thereof by the Developer.

(f) **No Proceedings or Judgments.** There is no claim, action or proceeding now pending, or to the best of its knowledge, threatened, before any court, administrative or regulatory body, or governmental agency (1) to which the Developer is a party and (2) which will, or could, prevent the Developer's performance of its obligations under this Agreement.

Section 2.3. Related Agreements. Upon the request of the City, the Developer shall deliver true, complete and correct copies of all Related Agreements (redacted by the Developer to protect any confidential or proprietary information). The Developer represents and warrants to the City that such Related Agreements now executed and delivered are in full force and effect and have not been cancelled or terminated and that the Developer is not aware of any of its obligations under any of such existing Related Agreements required to be performed on or before the date hereof which have not been performed by the Developer or the other parties thereto.

Section 2.4. Disclaimer of Warranties. The City and the Developer acknowledge that neither has made any warranties to the other except as set forth in this Agreement. The City hereby disclaims any and all warranties with respect to the Private Development Project, express or implied, including, without limitation, any implied warranty of fitness for a particular purpose or merchantability or sufficiency of the Incremental Property Taxes for the purposes of this Agreement. Nothing has come to the attention of the Developer to question the assumptions or conclusions or other terms and provisions of any projections of Incremental Property Taxes, and the Developer assumes all risks in connection with the practical realization of any such projections of Incremental Property Taxes.

ARTICLE III
CITY'S COVENANTS AND AGREEMENTS

Section 3.1. City's Financial Obligations. The City shall have the obligations set forth in this Section 3.1 relative to financing Eligible Redevelopment Project Costs in connection with the Private Development Project. Subject to the terms, conditions and limitation set forth in this Section 3.1 immediately below, the City agrees to provide to or for the benefit of the Developer the Program Loan and the Program Grant as follows:

(a) The Program Loan shall be in the principal amount of up to \$60,000.00, shall be payable with interest, which shall otherwise be subsidized by the City at a rate no greater than 5.5 % per annum, in sixty (60) substantially equal monthly installments, and shall be evidenced by such documentation and subject to such other terms as may be determined by the applicable participating lending institution;

(b) The Program Grant shall be in the amount of up to \$6,000.00;

(c) The total amount of the proceeds from the Program Loan and the Program Grant shall not exceed the total amount of all Eligible Redevelopment Project Costs which are directly attributable and allocable to the Private Development Project at the Development Project Site; and

(d) Any Advance Amounts from the Program Grant shall only be made upon the submission to the City of a Requisition for Eligible Redevelopment Project Costs in accordance with the procedures set forth in Article V of this Agreement.

Section 3.2. City's Redevelopment Obligations. The City hereby covenants and agrees to undertake each of the following redevelopment obligations at the time and in the manner specified as follows:

(a) to provide improvements such as landscaping, streetscape, walkway or other beautification projects in the public right-of-way adjacent to the Development Project Site as may be determined by the City, such improvements to be completed as required upon completion of the Private Development Project at the sole cost and expense of the City;

(b) to vacate by ordinance, with compensation to the City therefore to be valued in the amount of \$2.50 per square foot, the payment of which by the Developer shall be waived by the

City as a part of the incentives provided by the City under this Agreement, that part of Courtesy Road in the Development Project Site as shown on the vacation plat attached hereto as Exhibit C, provided, however, that any such ordinance shall either not be adopted or not become effective, as the case may be, unless and until the Developer shall have fulfilled all conditions precedent as set forth in Section 7.1 of this Agreement in connection with the Developer's obligations related to the Private Development Project. It is further expressly understood and agreed by and between the parties hereto that any ordinance vacating any such part of Courtesy Road by the Corporate Authorities shall contain provisions that the vesting of title in such part of Courtesy Road so vacated shall be subject to reserved easements for all public utilities (including any of the City with respect to sewer lines and electrical conduit for street lighting, if any), their successors and assigns, to operate, maintain, renew and reconstruct their facilities within that part of such right-of-way so vacated unless the Developer shall compensate such utilities (or the City) for such reasonable expense as shall be incurred by such utilities (or the City) in connection with the rearrangements, removal or relocation of such facilities.

Section 3.3. Defense of Redevelopment Project Area. In the event that any court or governmental agency having jurisdiction over enforcement of the TIF Act and the subject matter contemplated by this Agreement shall determine that this Agreement, including any payments of any Reimbursement Amounts to be made by the City, 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 City will defend the integrity of the Redevelopment Project Area and this Agreement. Anything herein to the contrary notwithstanding, the Developer agrees that the City may, to the extent permitted by law, use any Incremental Property Taxes, including any unpaid Reimbursement Amounts, if available, to be redirected to reimburse the City for its defense costs, including without limitation attorneys' fees and expenses.

ARTICLE IV
DEVELOPER'S COVENANTS AND AGREEMENTS

Section 4.1. Agreement to Undertake the Private Development Project and Schedule.

The Developer covenants and agrees to commence and complete the Private Development Project at a total cost of not less than \$200,000.00 on or before _____, 2006.

Section 4.2. Compliance with Agreement and Laws During Development. The Developer shall at all times undertake the Private Development Project in conformance with this Agreement and all applicable federal and state laws, rules and regulations, including all subdivision, zoning, environmental or other ordinances of the City. Any agreement of the Developer related to the rehabilitation, reconstruction, repair or remodeling of the Private Development Project with any contractor, subcontractor or any other party or parties to any such agreements shall, to the extent applicable, contain provisions substantially similar to those required of the Developer under this Agreement.

Section 4.3. City's Right to Audit Developer's Books and Records. The Developer agrees that the City or its agents shall have the right and authority to review and audit, from time to time (at the Developer's principal office during normal business hours) the Developer's books and records relating to the total amount of all costs paid or incurred by the Developer for the Private Redevelopment Project and the total amount of related Eligible Redevelopment Project Costs, including, if any, loan agreements, notes or other obligations in connection with any indebtedness of the Developer directly related to such costs paid or incurred by the Developer for the Private Redevelopment Project in order to confirm that any such Eligible Redevelopment Project Costs claimed to have been paid and incurred by the Developer were directly related and allocable to the costs of the Private Redevelopment Project that was financed by the Developer and in fact paid and incurred by the Developer.

Section 4.4. Indemnity. The Developer agrees to forever indemnify and defend the City from and against any claims, suits, or actions for death or injury to persons or damage to property or breach of contract brought against the City arising from any alleged claims, acts or omissions of

such Developer in connection with this Agreement, including the acquisition, construction or installation of the Private Development Project, whether or not suit is filed.

Section 4.5. Continuing Compliance with Laws. The Developer agrees that upon completion and in the continued use, occupation, operation and maintenance of the Private Development Project or any part thereof thereafter, the Developer will comply with all applicable federal and state laws, rules, regulations and ordinances of the City.

Section 4.6. Real Estate Tax Obligations. The Developer agrees to pay and discharge, promptly and when the same shall become due, all general real estate taxes, and all applicable interest and penalties thereon, that at any time shall become due and payable upon or with respect to, or which shall become liens upon, any part of the Development Project Site. The Developer, including any others claiming by or through it, hereby covenants and agrees not to file any application for property tax exemption for any part of the Development Project Site under any applicable provisions of the Property Tax Code of the State of Illinois (35 ILCS 200/1-1 et seq.), as supplemented and amended, unless the City and the Developer shall otherwise have first entered into a mutually acceptable agreement under and by which the Developer shall have agreed to make a payment in lieu of taxes to the City, it being mutually acknowledged and understood by both the City and the Developer that any such payment of taxes (or payment in lieu thereof) by the Developer is a material part of the consideration under and by which the City has entered into this Agreement. This covenant of the Developer shall be a covenant that runs with the land being the Development Project Site upon which the Private Development Project is located and shall be in full force and effect until December 31, 2030, upon which date this covenant shall terminate and be of no further force or effect (and shall cease as a covenant binding upon or running with the land) immediately, and without the necessity of any further action by City or Developer or any other party; provided, however, upon request of any party in title to the Development Project Site the City shall execute and deliver to such party an instrument, in recordable form, confirming for the record that this covenant has terminated and is no longer in effect. Nothing contained within this Section 4.6 shall be construed, however, to prohibit the Developer from initiating and prosecuting at its own

cost and expense any proceedings permitted by law for the purpose of contesting the validity or amount of real property taxes assessed and levied upon the Development Project Site or any part thereof.

ARTICLE V
PAYMENT FOR ELIGIBLE REDEVELOPMENT PROJECT COSTS

Section 5.1. Payment Procedures. The City and the Developer intend and agree that any Advance Amounts shall be authorized by the City for payment or reimbursement to or at the direction of the Developer in accordance with the procedures set forth in this Section 5.1 of this Agreement.

The City hereby designates the City’s Chief Administrative Officer (the “**CAO**”) as its representative to coordinate the authorization of disbursement of any Advance Amounts for the Eligible Redevelopment Project Costs. Payments or reimbursements to or at the direction of the Developer of any Advance Amounts for Eligible Redevelopment Project Costs shall be made upon request therefor, in form reasonably acceptable to the City (each being a “**Requisition**”) submitted by the Developer from time to time stating:

- (i) that certain Eligible Redevelopment Project Costs have been completed and have either been approved or accepted by the Developer;
- (ii) the dollar amount of the Advance Amount to be advanced or paid in connection with such request; and
- (iii) the dollar amount of the Eligible Redevelopment Project Costs remaining to be paid.

Any such requisition shall be accompanied by such documentation as may reasonably be requested by the City, including contractor’s affidavits or lien waivers, as applicable.

Section 5.2. Approval and Resubmission of Requisitions. The CAO shall give the Developer written notice disapproving any of the Requisitions within ten (10) days after receipt thereof. If a Requisition is disapproved by such CAO, the reasons for disallowance will be set forth in writing and the Developer may resubmit any such Requisition with such additional

documentation or verification as may be required. The same procedures set forth herein applicable to disapproval shall apply to such resubmittals.

Section 5.3. Time of Payment. The City shall authorize the disbursement of any Advance Amounts to or at the direction of the Developer within thirty (30) days of the approval of the Requisition as set forth in Section 5.2 above.

ARTICLE VI **DEFAULTS AND REMEDIES**

Section 6.1. Defaults - Rights to Cure. Failure or delay by either party to timely perform any material term or provision of this Agreement shall constitute a default under this Agreement. The party who so fails or delays must, upon receipt of written notice of the existence of such default, immediately commence to cure, correct or remedy such default and thereafter proceed with diligence to cure such default. The party claiming such default shall give written notice of the alleged default to the party alleged to be in default specifying the default complained of. Except as required to protect against immediate, irreparable harm, the party asserting a default may not institute proceedings against the other party until thirty (30) days after having given such notice. If such default is cured within such thirty (30) day period, the default shall not be deemed to constitute a breach of this Agreement. If the default is one which cannot reasonably be cured within such thirty (30) day period, such thirty (30) day period shall be extended for such time as is reasonably necessary for the curing of such default, so long as there is diligent proceeding to cure such default. If such default is cured within such extended period, the default shall not be deemed to constitute a breach of this Agreement. However, a default not cured as provided above shall constitute a breach of this Agreement. Except as otherwise expressly provided in this Agreement, any failure or delay by either party in asserting any of its rights or remedies as to any default or alleged default or breach shall not operate as a waiver of any such default or breach of any rights or remedies it may have as a result of such default or breach.

Section 6.2. Remedies. In the event of a breach of this Agreement by the Developer under any of the terms and provisions hereof, the City shall have the right to terminate this Agreement by

giving written notice to the Developer of such termination and the date such termination is effective. Except for such right of termination by the City, the only other remedy available to either party in the event of a breach of this Agreement by the other party under any of the terms and provisions hereof shall be to institute legal action against the other party for specific performance or other appropriate equitable relief. Under no circumstances shall the City be subject to any monetary liability or be liable for damages (compensatory or punitive) under any of the other provisions, terms and conditions of this Agreement.

Section 6.3. Costs, Expenses and Fees. If either party defaults in the performance of its obligations hereunder, and is determined in default of this Agreement by a court of competent jurisdiction, each of the parties agree that the defaulting party shall pay the non-defaulting party's costs, expenses and fees of enforcing the defaulting party's obligations under this Agreement, including but not limited to reasonable fees of accountants, attorneys, engineers and other professionals.

ARTICLE VII
MISCELLANEOUS PROVISIONS

Section 7.1. Conditions Precedent. The agreements, obligations and undertakings of the City as set forth in this Agreement are expressly contingent upon the Developer having entered into a contract or contracts to undertake the Private Development Project at a total cost of not less than \$200,000.00 on or before _____, 2005 and having commenced such rehabilitation, reconstruction, repair or remodeling of the Private Redevelopment Project in a timely manner so as to satisfactorily assure the City that the Private Development Project will be substantially completed on or before _____, 200_. If the Developer shall fail to provide to the City evidence or shall otherwise fail to demonstrate that it has fulfilled its obligations in connection with this Section 7.1 within ten (10) days following written notice of such failure from the City to the Developer, the City shall have no further obligations under this Agreement and this Agreement shall thereupon automatically terminate and be of no force or effect.

Section 7.2 Entire Contract and Amendments. This Agreement (together with Exhibits A, B and C attached hereto) is the entire agreement between the City and the Developer relating to the subject matter hereof. This Agreement supersedes all prior and contemporaneous negotiations, understandings and agreements, written or oral, relating to the subject matter hereof. This Agreement may not be modified or amended except by a written instrument executed by both of the parties.

Section 7.3. 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 City and the Developer and their respective successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to either the City or the Developer, nor shall any provision give any third parties any rights of subrogation or action over or against either the City or the Developer. This Agreement is not intended to and does not create any third party beneficiary rights whatsoever.

Section 7.4. Counterparts. Any number of counterparts of this Agreement may be executed and delivered and each shall be considered an original and together they shall constitute one agreement.

Section 7.5. Special and Limited Obligation; Effect of Failure to Amend. This Agreement shall constitute a special and limited obligation of the City according to the terms hereof. This Agreement shall never constitute a general obligation of the City to which its credit, resources or general taxing power are pledged. The City pledges to the payment of its obligations hereunder only such amount of the Incremental Property Taxes as is set forth in Section 3.1 hereof, if, as and when received, and not otherwise.

Section 7.6. Time and Force Majeure. Time is of the essence of this Agreement; provided, however, neither the Developer nor the City shall be deemed in default with respect to any performance obligations under this Agreement on their respective parts to be performed if any such failure to timely perform is due in whole or in part to the following (which also constitute “unavoidable delays”): any strike, lock-out or other labor disturbance (whether legal or illegal, with

respect to which the Developer, the City and others shall have no obligations hereunder to settle other than in their sole discretion and business judgment), civil disorder, inability to procure materials, weather conditions, wet soil conditions, failure or interruption of power, restrictive governmental laws and regulations, condemnation, riots, insurrections, acts of terrorism, war, fuel shortages, accidents, casualties, acts of God or third parties or for any other reasons not within the Developer's or the City's control.

Section 7.7. 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.

Section 7.8. Cooperation and Further Assurances. The City and the Developer 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 assuring, mortgaging, conveying, transferring, pledging, assigning and confirming unto the City or the 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.

Section 7.9. Notices and Communications. All notices, demands, requests or other communications under or in respect of this Agreement shall be in writing and shall be deemed to have been given when the same are (a) deposited in the United States mail and sent by registered or certified mail, postage prepaid, return receipt requested, (b) personally delivered, (c) sent by a nationally recognized overnight courier, delivery charge prepaid or (d) transmitted by telephone facsimile, telephonically confirmed as actually received, in each case, to the City and the Developer at their respective addresses (or at such other address as each may designate by notice to the other), as follows:

- (i) In the case of the Developer, to:
Bear Properties LLC
c/o Coldwell Banker Commercial Devonshire Realty
201 W. Springfield Avenue, 4th Floor
Champaign, IL 61820
Attn: Thomas E. Harrington, Jr.
Tel: (217) 352-7712 / Fax: (217) 352-5513

- (ii) In the case of the City, to:
City of Urbana, Illinois
400 South Vine Street
Urbana, IL 61801
Attn: Chief Administrative Officer
Tel: (217) 384-2455 / Fax: (217) 384-2363

Whenever any party hereto is required to deliver notices, certificates, opinions, statements or other information hereunder, such party shall do so in such number of copies as shall be reasonably specified.

Section 7.10. Successors in Interest. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respectively authorized successors and assigns; provided, however, that the Developer may not assign its rights under this Agreement prior to the completion of the Private Development Project without the express written consent of the City.

Section 7.11. No Joint Venture, Agency, or Partnership Created. Nothing in this Agreement nor any actions of either of the City or the Developer shall be construed by either of the City, the Developer or any third party to create the relationship of a partnership, agency, or joint venture between or among the City and any party being the Developer.

Section 7.12. Illinois Law; Venue. This Agreement shall be construed and interpreted under the laws of the State of Illinois. If any action or proceeding is commenced by any party to enforce any of the provisions of this Agreement, the venue for any such action or proceeding shall be in Champaign County, Illinois.

Section 7.13. No Personal Liability of Officials of City. No covenant or agreement contained in this Agreement shall be deemed to be the covenant or agreement of any official,

officer, agent, employee or attorney of the City, in his or her individual capacity, and neither the members of the Corporate Authorities nor any official of the City shall be liable personally under this Agreement or be subject to any personal liability or accountability by reason of the execution, delivery and performance of this Agreement.

Section 7.14. Repealer. To the extent that any ordinance, resolution, rule, order or provision of the City'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.

Section 7.15. Term. Unless earlier terminated pursuant to the terms hereof, this Agreement shall be and remain in full force and effect until _____, 200_; provided, however, that anything to the contrary notwithstanding, the Developer's obligations under Sections 4.4 and 4.6 of this Agreement shall be and remain in full force and effect in accordance with the express provisions of each such Section.

IN WITNESS WHEREOF, the City and the Developer have caused this Agreement to be executed by their duly authorized officers or manager(s) as of the date set forth below.

**CITY OF URBANA, CHAMPAIGN COUNTY,
ILLINOIS**

(SEAL)

By: _____
Mayor

ATTEST:

City Clerk

Date: _____

BEAR PROPERTIES LLC

By: _____
Its member

Date: _____

[Exhibits A, B and C follows this page and are an integral part of this Agreement in the context of use.]

EXHIBIT A

Outline of Development Project Site

EXHIBIT B

Description of Existing Parcel within Development Project Site

EXHIBIT C

Vacation Plat