

STATE OF ILLINOIS
COMPTROLLER

SUSANA A. MENDOZA

Name of Municipality:	Morton Grove	Reporting Fiscal Year:	2017
County:	Cook	Fiscal Year End:	12/31/2017
Unit Code:	016/365/32		

TIF Administrator Contact Information

First Name: <u>Ralph</u>	Last Name: <u>Czerwinski</u>	
Address: <u>6101 Capulina</u>	Title: <u>Village Administrator</u>	
Telephone: <u>847-965-4100</u>	City: <u>Morton Grove</u>	Zip: <u>60053</u>
Mobile _____	E-mail-required <u>rczerwinski@mortongroveil.org</u>	
Mobile _____	Best way to <u> X </u> Email <u> X </u> Phone	
Provider _____	<u> </u> Mobile <u> </u> Mail	

I attest to the best of my knowledge, this report of the redevelopment project areas in: City/Village of Morton Grove is complete and accurate at the end of this reporting Fiscal year under the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] Or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]

Written signature of TIF Administrator

6/29/18
Date

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

FILL OUT ONE FOR EACH TIF DISTRICT[illegible]

*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.]

FY 2017

Name of Redevelopment Project Area:	Lehigh Ferris RPA
Primary Use of Redevelopment Project Area*:	Retail, Other Commercial
If "Combination/Mixed" List Component Types:	
Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one):	
Tax Increment Allocation Redevelopment Act ☒ Industrial Jobs Recovery Law ☐	

	No	Yes
Were there any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] If yes, please enclose the amendment labeled Attachment A	X	
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year. [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6-22 (d) (3)] Please enclose the CEO Certification labeled Attachment B		X
Opinion of legal counsel that municipality is in compliance with the Act. [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)] Please enclose the Legal Counsel Opinion labeled Attachment C		X
Were there any activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented in the preceding fiscal year and a description of the activities undertaken? [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)] If yes, please enclose the Activities Statement labeled Attachment D	X	
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)] If yes, please enclose the Agreement(s) labeled Attachment E		X
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)] If yes, please enclose the Additional Information labeled Attachment F	X	
Did the municipality's TIF advisors or consultants enter into contracts with entities or persons that have received or are receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)] If yes, please enclose the contract(s) or description of the contract(s) labeled Attachment G	X	
Were there any reports or meeting minutes submitted to the municipality by the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)] If yes, please enclose the Joint Review Board Report labeled Attachment H	X	
Were any obligations issued by municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)] If yes, please enclose the Official Statement labeled Attachment I	X	
Was analysis prepared by a financial advisor or underwriter setting forth the nature and term of obligation and projected debt service including required reserves and debt coverage? [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] If yes, please enclose the Analysis labeled Attachment J	X	
Cumulatively, have deposits from any source equal or greater than \$100,000 been made into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2) If yes, please enclose Audited financial statements of the special tax allocation fund labeled Attachment K		X
Cumulatively, have deposits of incremental taxes revenue equal to or greater than \$100,000 been made into the special tax allocation fund? [65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9)] If yes, please enclose a certified letter statement reviewing compliance with the Act labeled Attachment L		X
A list of all intergovernmental agreements in effect to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)] If yes, please enclose list only, not actual agreements labeled Attachment M	X	

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

SECTION 3.1 - (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))

Provide an analysis of the special tax allocation fund.

FY 2017

TIF NAME: Lehigh Ferris RPA

Fund Balance at Beginning of Reporting Period

\$ 6,068,075

Revenue/Cash Receipts Deposited in Fund During Reporting FY:	Reporting Year	Cumulative*	% of Total
Property Tax Increment	\$ 2,561,215	\$ 30,282,916	51%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	\$ 35,676	\$ 1,141,862	2%
Land/Building Sale Proceeds			0%
Bond Proceeds		\$ 16,295,000	27%
Transfers from Municipal Sources			0%
Private Sources		\$ 9,329	0%
Other (identify source _____; if multiple other sources, attach schedule)	\$ 9,824,136	\$ 12,223,571	20%

*must be completed where current or prior year(s) have reported funds

Total Amount Deposited in Special Tax Allocation Fund During Reporting Period

\$ 12,421,027

Cumulative Total Revenues/Cash Receipts

\$ 59,952,678 100%

Total Expenditures/Cash Disbursements (Carried forward from Section 3.2)

\$ 6,299,462

Distribution of Surplus

Total Expenditures/Disbursements

\$ 6,299,462

NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS

\$ 6,121,565

FUND BALANCE, END OF REPORTING PERIOD*

\$ 12,189,640

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

SURPLUS*/(DEFICIT)(Carried forward from Section 3.3)

\$ 7,579,640

SECTION 3.2 A		
PAGE 2		
7. Cost of job training and retraining, including "welfare to work" programs Subsection (q)(5), (o)(7) and (o)(12)		
		\$ -
8.Financing costs related to obligations issued by the municipality. Subsection (q) (6) and (o)(8)		
Debt Payments on bonds to improve Sites A & B	768,800	
		\$ 768,800
9. Approved taxing district's capital costs. Subsection (q)(7) and (o)(9)		
		\$ -
10. Cost of Reimbursing school districts for their increased costs caused by TIF assisted housing projects. Subsection (q)(7.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
11. Relocation costs. Subsection (q)(8) and (o)(10)		
		\$ -
12.Payments in lieu of taxes as defined in Subsections 11-74.43(m) and 11-74.6-10(k). Subsection (q)(9) and (o)(11)		
		\$ -
13. Costs of job training, retraining advanced vocational or career education provided by other taxing bodies. Subsection (q)(10) and (o)(12)		
		\$ -
		\$

7. Cost of job training and retraining, including "welfare to work" programs Subsection (q)(5), (o)(7) and (o)(12)

8. Financing costs related to obligations issued by the municipality. Subsection (q) (6) and (o)(8)

Debt Payments on bonds to improve Sites A & B

768,800

\$	-
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\$	768,800
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9. Approved taxing district's capital costs. Subsection (q)(7) and (o)(9)

\$	-
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10. Cost of Reimbursing school districts for their increased costs caused by TIF assisted housing projects. Subsection (q)(7.5) - Tax Increment Allocation Redevelopment TIFs ONLY

\$	
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11. Relocation costs. Subsection (q)(8) and (o)(10)

\$	-
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12. Payments in lieu of taxes as defined in Subsections 11-74.43(m) and 11-74.6-10(k). Subsection (q)(9) and (o)(11)

\$	
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13. Costs of job training, retraining advanced vocational or career education provided by other taxing bodies. Subsection (q)(10) and (o)(12)

\$	
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SECTION 3.2 A		
PAGE 3		
14. Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects. Subsection (q)(11)(A-E) and (o)(13)(A-E)		
8735 Narragansett LLC	300,000	
		\$ 300,000
15. Costs of construction of new housing units for low income and very low-income households. Subsection (q)(11)(F) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
16. Cost of day care services and operational costs of day care centers. Subsection (q) (11.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
TOTAL ITEMIZED EXPENDITURES		\$ 6,299,462

14. Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects. Subsection (q)(11)(A-E) and (o)(13)(A-E)

300,000

\$	300,000
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\$	
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\$	
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\$	6,299,462
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FY 2017

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

[illegible]

SECTION 3.3 - (65 ILCS 5/11-74.4-5 (d) (5) 65 ILCS 11-74.6-22 (d) (5))

Breakdown of the Balance in the Special Tax Allocation Fund At the End of the Reporting Period

FY 2017

TIF NAME: Lehigh Ferris RPA

FUND BALANCE, END OF REPORTING PERIOD \$ 12,189,640

	Amount of Original Issuance	Amount Designated
1. Description of Debt Obligations		
TIF Taxable Note - Northern Trust final payment 2009	\$ 800,000	
TIF Taxable Note - LaSalle Bank final payment 2009	\$ 2,625,000	
Taxable 2009B G.O. Note-Park Ridge Bank final payment 2011	\$ 2,685,000	
Tax Exempt 2007 G.O. Bond final payment in 2024-Refunded	\$ 9,200,000	
Tax Exempt 2015 G.O. Bond final payment in 2029	\$ 5,130,000	\$ 4,610,000

Total Amount Designated for Obligations \$ 20,440,000 \$ 4,610,000

2. Description of Project Costs to be Paid

Total Amount Designated for Project Costs \$ -

TOTAL AMOUNT DESIGNATED \$ 4,610,000

SURPLUS*/(DEFICIT) \$ 7,579,640

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

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

FY 2017

TIF NAME: Lehigh Ferris RPA

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)

PAGE 1

FY 2017

TIF NAME: Lehigh Ferris RPA

*Page 1 is to be included with TIF Report. Pages 2-3 are to be included ONLY if projects are listed.

Box below must be filled in with either a check or number of projects, not both

Check if NO projects were undertaken by the Municipality Within the Redevelopment Project Area: _____ENTER total number of projects undertaken by the Municipality Within the Redevelopment Project Area and list them in detail below* _____ 1

TOTAL:	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
Private Investment Undertaken (See Instructions)	\$ 98,413,345	\$ -	\$ 98,413,345
Public Investment Undertaken	\$ 5,000,000	\$ -	\$ 5,000,000
Ratio of Private/Public Investment	19 43/63		19 43/63

Project 1: *IF PROJECTS ARE LISTED NUMBER MUST BE ENTERED ABOVE

The Woodlands

Private Investment Undertaken (See Instructions)	\$ 98,413,345		\$ 98,413,345
Public Investment Undertaken	\$ 5,000,000		\$ 5,000,000
Ratio of Private/Public Investment	19 43/63		19 43/63

Project 2:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 3:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 4:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 5:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 6:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Optional: Information in the following sections is not required by law, but would be helpful in evaluating the performance of TIF in Illinois. *even though optional MUST be included as part of complete TIF report

SECTION 6

FY 2017

TIF NAME: Lehigh Ferris RPA

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

Year redevelopment project area was designated	Base EAV	Reporting Fiscal Year EAV
1998	\$ 14,743,872	\$ 36,408,194

List all overlapping tax districts in the redevelopment project area.

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

☒ X The overlapping taxing districts did not receive a surplus.

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

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
N/A	N/A		\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -

SECTION 8

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

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

**Lehigh-Ferris
Tax Increment Financing Redevelopment District
Certificate of Compliance**

REPORT PERIOD: January 1, 2017 to December 31, 2017

DATE OF REPORT: June 28, 2018

In accordance with the Tax Increment Allocation Redevelopment Act of the State of Illinois (65 ILCS 5/11-74.4), I am submitting this certified statement as to the following:

I have reviewed the audit performed by Lauterbach & Amen LLP on behalf of the Village of Morton Grove as well as public records, proceedings, and documents regarding the Lehigh-Ferris Tax Increment Financing District. Based upon this review, I certify the Village of Morton Grove is in full compliance with the Act.

Sincerely,



Daniel DiMaria
Village President

Cc: Village Board of Trustees

June 28, 2018

The Honorable Daniel DiMaria, Mayor
Village of Morton Grove
6101 Capulina Avenue
Morton Grove, IL 60053

**RE: Audit of the Financial Statements
Fiscal Year ending December 31, 2017
Lehigh-Ferris Tax Increment Financing Redevelopment District**

Dear Mayor DiMaria:

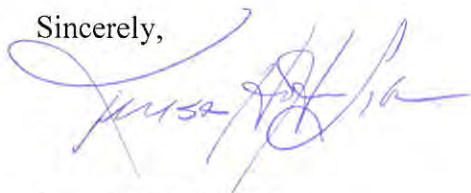
OPINION OF CORPORATION COUNSEL

I, Teresa Hoffman Liston, Corporation Counsel for the Village of Morton Grove, Cook County, Illinois, was the Corporation Counsel for the fiscal year beginning January 1, 2017, and ending December 31, 2017, and have reviewed information provided to me by the Village's administration and staff pertaining to the Lehigh-Ferris Tax Increment Financing Redevelopment Project Area.

Based solely upon the information with which I have been provided and without making any independent review or investigation of that information, and relying on the accuracy, authenticity, and genuineness of all of the said information provided, it is my opinion that, as to the matters of which I am aware and have been specifically brought to my attention, the Village of Morton Grove, Cook County, Illinois has complied with the requirements of the Illinois Tax Increment Redevelopment Allocation Act (65 ILCS 5/11-74.4-1 et. seq.).

This opinion relates only to the time period of this report and is based upon the information with which I have been provided by the Village's administration and staff.

Sincerely,



Teresa Hoffman Liston
Corporation Counsel

Cc: Village Board of Trustees

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EXHIBIT "B"

THIS INSTRUMENT PREPARED BY:
AND AFTER RECORDING
RETURN TO:

Teresa Hoffman Liston
Corporation Counsel
Village of Morton Grove
6101 Capulina Avenue
Morton Grove, IL, 60053

This Space for Recorder's Use Only

REDEVELOPMENT AGREEMENT

BETWEEN

THE VILLAGE OF MORTON GROVE,

AND

LEXINGTON HOMES, LLC

DATED AS OF _____, 2017

REDEVELOPMENT AGREEMENT

THIS REDEVELOPMENT AGREEMENT ("**Agreement**") is made as of the ____ day of _____, 2017, and is by and between the **VILLAGE OF MORTON GROVE**, an Illinois home rule municipal corporation ("**Village**"); and **LEXINGTON HOMES, LLC.**, an Illinois limited liability company ("**Developer**").

IN CONSIDERATION OF the recitals and the mutual covenants and agreements set forth in this Agreement, and pursuant to the Village's home rule powers, the parties hereto agree as follows:

SECTION 1. RECITALS.

A. The Village is a home rule unit by virtue of the provisions of the 1970 Constitutions of the State of Illinois.

B. The Village, as of the Effective Date, is the owner of a 2.0-acre vacant development site located at the southwest corner of Capulina and Ferris Avenue and legally described in Exhibit A (the "**Property**").

C. The Property is located entirely within the corporate limits of the Village and is in the C1 General Commercial District.

D. The Property was formerly occupied by industrial and commercial uses, that closed more than two decades ago. Between 2005 to 2009, the Village acquired the Property and demolished the existing structures on the site. Environmentally hazardous conditions remain in the underlying soil, the unknown extent to which has dissuaded previous redevelopment of the site.

E. 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 spread of blight, to encourage private development to enhance the local tax base, to increase employment, and to enter contractual agreements with third parties to achieve these purposes.

F. 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, ("**TIF Act**") to finance redevelopment in accordance with the conditions and requirements set forth in the TIF Act.

G. To stimulate and induce redevelopment pursuant to the TIF Act, the Village has, after giving all notices required by law and after conducting all public hearings required by law, adopted the TIF Ordinances (as defined herein).

H. Developer desires and seeks purchase the Property and develop it as a 36-unit townhome community in a total of seven (7) buildings. The units will consist of 2-bedroom plus den and 3-bedrooms, all with 2.5 baths, 2 car garages, fee simple ownership, and a homeowner's association (HOA) to manage all common elements. The Developer proposes to start construction in the Fall of 2017, complete construction by October 2019, and complete all sales by October 2019.

I. The Developer seek approval of, and has filed an application for, a special use permit ("**Special Use**") for the Property.

J. Pursuant to public notice published in the Pioneer Press on June 1, 2017, a public hearing was held by the Plan Commission on June 19, 2017, to consider the Developer's request for (i) approval of a Special Use; and (ii) any such other variations, waivers and zoning relief as may be

necessary to accomplish the development and use of the Property as requested by the Developer (collectively, "**Requested Relief**"). The Plan Commission made its recommendation to approve the Requested Relief on June 19, 2017.

K. The Developer has requested that the Village pay for certain Redevelopment Project Costs (as defined here, in the TIF Act, 65 ILCS 5/11-74.4-3(q), including certain costs of property acquisition, site preparation, environmental remediation, demolition, and construction of certain Improvements, all of which will serve a public purpose and are necessary to foster redevelopment of the Property.

L. It is necessary for the successful completion of the Development that the Village enter into this Agreement with the Developer.

M. It is economically infeasible for the Developer to undertake the Development, and the Developer thus is unable to undertake the redevelopment of the Property, without certain assistance from the Village pursuant to the TIF Act which the Village has been, and continues to be, willing to provide under the terms and conditions contained in this Agreement.

N. The Developer, after due and careful consideration and with advice and input from their own legal counsel, have agreed to subject the Property to the terms, provisions, and conditions of this Agreement.

O. The Corporate Authorities, after due and careful consideration, have concluded that granting the requested relief for the Development on the Property pursuant to and in accordance with this Agreement would further enable the Village to control the development of the area and would serve the best interests of the Village.

P. The Corporate Authorities find that the Development will achieves some of the long-term objectives of the Lehigh Ferris TIF Redevelopment Plan by:

- a) The removal of a vacant, obsolete and deteriorated industrial building and the remediation of environmentally contaminated land to residential level safety standards.
- b) Returning 12 tax-exempt parcels to the tax rolls, producing approximately \$395,000 in annual property taxes upon full valuation, and over \$4.2 million over the next 10 years.
- c) Adding 36 new townhomes that adds to the mix of housing options available to residents and furthers the transit oriented objectives of Lehigh Ferris Framework Plan and fits with density and design standards of the CR-Zoning district.
- d) Creating full and part-time construction jobs during the construction of the Development.

Q. The Village and the Developer desire that the Property be developed, used, operated and maintained only in compliance with this Agreement.

SECTION 2. DEFINITIONS; RULES OF CONSTRUCTION.

A. **Definitions.** Whenever used in this Agreement, the following terms shall have the following definitions:

"Common Improvements": Those certain Improvements that will be privately owned but of common or general benefit to the Development, including parking lots and vehicular access ways in accordance with approved engineering plans; Storm Water Facilities, private water system (pipes,

valves, fire hydrants, and related system improvements including hook-ups to the public water system), private sanitary sewer system (pipes, manholes, lift stations, and related system improvements, including hook up to the public sewer), private walkways, landscaping, grading and related site preparation work, erosion and sediment controls during the various phases of site development (including site and lot grading, construction entrances, diversion dikes, silt fences, sediment traps, seeding and site stabilization); and other special environmental protection measures which are a component of the engineering Final Plans.

"Corporate Authorities": The President and Board of Trustees of the Village.

"Development": Defined in Section 4.A of this Agreement

"Effective Date": The date of execution of this Agreement by all parties hereto, which date shall be deemed to be the date set forth in the first paragraph of Page 1 of this Agreement.

"Final Plans and Elevations": Defined in Section 6.A. After approval by the Village Administrator or his designee, the Final Plans shall, automatically and without further action by the Corporate Authorities, be deemed to be incorporated in, and made a part of, this Agreement and shall, for all purposes in this Agreement, replace and supersede the Preliminary Plans.

"Improvements": Except as specifically excepted in this definition, all of the public and private improvements and facilities necessary to serve the Property, including, without limitation, all other storm water detention facilities, water mains, storm sewers, sanitary sewers, parking lots, lighting, sidewalks, access driveways, parkways, rough and final grading, trees, sod, seeding, and other landscaping, and all other improvements required pursuant to this Agreement, the Preliminary Plans or the Final Plans, and the Requirements of Law.

"Incremental Property Taxes": An amount equal to (i) the ad valorem taxes, if any, arising from the taxes levied upon the Property, which taxes are attributable to the increases in the then current equalized assessed valuation ("**EAV**") of each taxable lot, block, tract, or parcel in the Property over and above the total Initial EAV of each such lot, block, tract, or parcel of real property, all as determined by the County Clerk of Cook County, Illinois, pursuant to and in accordance with the TIF Act, the TIF Ordinances and this Agreement, minus (ii) any required payments to other taxing districts, including those made pursuant to 65 ILCS 5/11-74.4-3(q)(7.5 and 7.7) and further minus (iii) any amounts returned (or which would be subject to return) to Developer pursuant to any appeal, objection or other proceeding that reduces the assessed valuation of the Property or the amount of ad valorem taxes paid on the Property during the Term, and minus (iv) any other amounts required to be paid by Requirements of Law, when such taxes are collected and paid to and received by the Treasurer of the Village for deposit in the TIF Fund.

"Initial EAV": The "initial equalized assessed value" (as defined in Section 11-74.4-9 of the TIF Act) of the Property.

"Municipal Code": The Municipal Code of Morton Grove, as the same has been and may, from time to time hereafter, be amended.

"Person": Any corporation, partnership, limited liability company, individual, joint venture, trust, estate, association, business, enterprise, proprietorship, or other legal entity of any kind, either public or private, and any legal successor, agent, representative, or authorized assign of the above.

"Plan Commission": The Plan Commission of the Village, established by Section 2-5-1 of the Municipal Code.

"Preliminary Plans": The following preliminary plans and elevations:

- A. Site Plan, submitted by Haeger Engineering, dated May 24, 2017;
- B. Fire Truck Turning Exhibit, submitted by Haeger Engineering, dated May 24, 2017;
- C. Lexington Walk Final Plat of Subdivision, submitted by Haeger Engineering, dated May 25, 2017
- D. Lexington Walk Preliminary Engineering Plans submitted by Haeger Engineering, dated May 24, 2017
- E. Sales Trailer Exhibit, submitted by Haeger Engineering, dated May 24, 2017
- F. Off-site Sign Exhibit, submitted by Haeger Engineering, dated May 24, 2017
- G. Preliminary Landscape Plan, submitted by Krogstad Land Design Limited, dated May 26, 2017
- H. Summary of Traffic and Parking Evaluation, submitted by KLOA Inc., dated May 24, 2017, revised June 12, 2017
- I. Photometric Plan, submitted by Legacy Design Inc., dated May 26, 2017
- J. Colored Elevations and Floor Plans, submitted by BSB, dated May 30, 2017
- K. Preliminary Stormwater Management Report, submitted by Haeger Engineering, dated May 31, 2017
- L. Colored Site Plan, submitted by Krogstad Land Design Limited, dated May 26, 2017

"Property": That certain tract of land consisting of a 2.0-acre vacant development site located at the southwest corner of Capulina and Ferris Avenue and legally described in Exhibit A.

"Public Improvements": Those certain Improvements located or to be located on public property or public rights-of-way or within easements to the Village or another governmental entity.

"Special Use Ordinance": Ordinance 17-24 attached hereto as Exhibit B approved and adopted by the Corporate Authorities on September 11, 2017 approving a Special Use permit for a PUD governing the development of the Property, and granting certain waivers from the requirements of the Unified Development Code.

"Redevelopment Project Costs": Costs defined as "Redevelopment Project Costs" in the TIF Act, 65 ILCS 5/11-74.4-3(q).

"Requirements of Law": All applicable federal, state, and Village laws, statutes, codes, ordinances, resolutions, rules and regulations.

"Site Restoration": Defined in Section 7.D.1 of this Agreement.

"Storm water Facilities": The following specific Improvements, as depicted on the Preliminary Engineering Plan: the storm water detention basin, and private storm sewers, related equipment, appurtenances, and structures installed and maintained on the Property to ensure adequate storm

water drainage and management and to collect and direct storm water into the Village's storm sewer system.

"TIF Act": The Tax Increment Allocation Redevelopment Act, as amended, 65 ILCS 5/11-74.4-1 *et seq.*

"TIF Ordinances" : (i) Ordinance No. 00-01 approving a Tax Increment Redevelopment Plan and a Tax Increment Redevelopment Project, (ii) Ordinance No. 00-02 designating a Tax Increment Redevelopment Project Area, and (iii) Ordinance No. 00-03 adopting Tax Increment Allocation Financing, all which established the Lehigh Ferris Tax Increment Finance Redevelopment Project Area.

"Uncontrollable Circumstance": Any of the following events and circumstances that materially change the costs or ability of the Developer to carry out its obligations under this Agreement:

- a. a change in the Requirements of Law;
- b. insurrection, riot, civil disturbance, sabotage, act of public enemy, explosion, nuclear incident, war, or naval blockade;
- c. epidemic, hurricane, tornado, landslide, earthquake, lightning, fire, windstorm, other extraordinary weather condition, or other similar act of God;
- d. governmental condemnation or taking other than by the Village; or
- e. strikes or labor disputes, other than those caused by the unlawful acts of the Developer, its partners, or affiliated entities.

Uncontrollable Circumstance shall not include economic hardship, impracticability of performance, commercial, economic, or market conditions, or a failure of performance by a contractor (except as caused by events which are Uncontrollable Circumstances as to the contractor).

"Unified Development Code": The Village of Morton Grove Unified Development Code, as the same has been and may, from time to time hereafter, be amended.

B. Rules of Construction.

1. **Grammatical Usage and Construction.** In construing this Agreement, pronouns include all genders, and the plural includes the singular and vice versa.
2. **Headings.** The headings, titles, and captions in this Agreement have been inserted only for convenience and in no way define, limit, extend, or describe the scope or intent of this Agreement.
3. **Calendar Days.** Unless otherwise provided in this Agreement, any reference in this Agreement to "day" or "days" shall mean calendar days and not business days. If the date for giving of any notice required to be given, or the performance of any obligation, under this Agreement falls on a Saturday, Sunday, or federal holiday, then the notice or obligation may be given or performed on the next business day after that Saturday, Sunday, or federal holiday.

4. **Other Defined Terms.** Capitalized terms not defined in this Agreement shall have the meanings set forth in the Unified Development Code.

SECTION 3. SALE OF PROPERTY TO DEVELOPER.

The Developer agrees to purchase from the Village, and the Village agrees to sell to the Developer the Property in "As Is" condition for the price of Seven Hundred Ten Thousand and No/100 Dollars (\$710,000.00) (the "**Purchase Price**") paid in cash at closing plus or minus usual and customary prorations, credits and deductions. The Closing of the sale of the Property shall take place on or before November 15, 2019

SECTION 4. DEVELOPMENT OF PROPERTY.

A. **Development.** The Developer shall construct the Development on the Property in accordance with the terms and conditions of this Agreement and the Special Use Ordinance. The Development shall consist of 36-unit townhome community in a total of seven (7) residential buildings. The units will consist of 2-bedroom plus den and 3-bedrooms, all with 2.5 baths. The units will be approximately 1,800 to 2,000 square feet and will include 2 attached car garages. Ownership of each unit shall be conveyed pursuant to a fee simple deed. The Development shall include seventeen (17) on-site visitor parking spaces. In addition, the developer will add six (6) on- street parking spaces on the south side of Capulina Avenue, immediately north of the proposed development, which will be open for use by all area residents and visitors, but will be time restricted to discourage all day parking by Metra riders. The Developer expects to sell the units between \$355,000 and \$365,000, including upgrades. A homeowner's association (HOA) shall be established by the Developer to manage all common elements two buildings. The Developer shall also construct a noise attenuation wall to reduce the noise and visual impact of the adjacent Metra rail line and enhance the safety for residents. The Developer expects to invest approximately twelve million, three hundred thousand (\$12,300,000.00) dollars for the Development.

B. **Environmental Remediation.** The Developer, will conduct the environmental remediation of the site in strict accordance with IEPA standards and procedures and secure a No Further Remediation Letter upon completion of all project construction in the Development.

C. **General Use and Development Restrictions.** Development of the Property, except for minor alterations due to final engineering and site work approved by the Village Administrator or his designee shall be pursuant to and in accordance with the following (upon their respective approval, adoption, and effective date):

1. This Agreement;
2. The Special Use Ordinance, and all documents and plans incorporated in the Special Use Ordinance;
3. The Final Plans;
4. The Unified Development Code; and

5. The Requirements of Law.

Unless otherwise provided in this Agreement, in the event of a conflict between or among any of the above plans or documents, the plan or document that provides the greatest control and protection for the Village, as determined by the Village Administrator, shall control. All of the above plans and documents shall be interpreted so that the duties and requirements imposed by any one of them are cumulative among all of them, unless otherwise provided in this Agreement. In the event of an inconsistency between the Special Use Ordinance and the Unified Development Code, the Special Use ordinance shall be controlling.

SECTION 5. IMPROVEMENTS.

A. **Description of Improvements.** The Developer shall, construct, install, or perform all the Improvements on the Property as set forth in the Final Plans.

B. **Dedication and Maintenance of the Improvements.**

1. **Final Inspection and Approval of the Improvements.** The Developer shall notify the Village when it believes that any or all the Improvements have been fully and properly completed and shall request final inspection, approval, and where appropriate, acceptance of the Improvement or Improvements by the Village. Such notice and request shall comply with, and include, all requirements of Section 12-9-4 of the Unified Development Code and shall be given far enough in advance to allow the Village time to inspect the Improvements and to prepare a punch list of items requiring repair or correction and to allow the Developer time to make all required repairs and corrections prior to the scheduled completion date. The Developer shall promptly make all necessary repairs and corrections as specified on the punch list. The Village shall not be required to approve or accept any portion of the Improvements until all the Improvements for the Development, including all punch list items, have been fully and properly completed.

2. **Dedication and Acceptance of Specified Improvements.** The execution of this Agreement shall not constitute an acceptance by the Village of any public facilities that are depicted as "dedicated" on the engineering sheets of the Final Plans, if any, or of any Improvements. The acceptance of all Improvements shall be made only in compliance with the requirements of the Unified Development Code, including, without limitation, Section 12-9-4 of that Code.

C. **Transfer of Ownership of Public Improvements and Easements to the Village.** Upon the approval of, and prior to acceptance of, any Public Improvements to be accepted by the Village the Developer shall execute, or cause to be executed, such documents as the Village shall request to transfer ownership of such Public Improvements to, and to evidence ownership of such Public Improvements by, the Village, free and clear of all liens, claims, encumbrances, and restrictions unless otherwise approved by the Village in writing. The Developer shall, at the same time, grant, or cause to be granted, to the Village all such easements or other property rights as the Village may require to install, operate, maintain, service, repair, and replace any Public Improvements that have not previously been granted to the Village, free and clear of all liens, claims, encumbrances, and restrictions unless otherwise approved by the Village in writing.

D. **Two-Year Guaranty of Improvements.** Pursuant to Section 12-8-3 of the Unified Development Code, the Developer hereby guarantees the prompt and satisfactory correction of all defects and deficiencies in the Improvements, including, without limitation, any landscaping installed by

the Developer on public lands or within public rights-of-way or easements, that occur or become evident within two years after approval and, where appropriate, acceptance of the Improvements by the Village pursuant to this Agreement. If any such defect or deficiency occurs or becomes evident during such period, then the Developer shall, after 10 days prior written notice from the Village (subject to Uncontrollable Circumstances), correct it or cause it to be corrected. In the event any Improvement is repaired or replaced pursuant to such a demand, the guaranty provided by this Subsection shall be extended, as to such repair or replacement, for two full years from the date of such repair or replacement. Any Public Improvements under the jurisdiction of IDOT shall have a warranty of at least two years or longer, if an extended warranty period is required by IDOT.

SECTION 6. CONSTRUCTION.

- A. **Final Plans Approval.** Prior to applying for a building permit for the construction of any of the Improvements, the Developer shall submit to the Village Administrator or his designee for review, acceptance, and approval, in the Village Administrator's or his designee's sole and absolute discretion, final building plans, elevations, lighting plan, engineering plans, landscaping plans and tree removal plan and any related and supporting documents for the development of the Property. Such plans shall be in substantial compliance with the Preliminary Plans and all applicable Village codes, ordinances, rules, and regulations, and the Requirements of Law, including the Special Use Ordinance. Upon approval, those plans shall be the Final Plans.

B. **Design and Construction.**

1. **General Standards.** The Development shall be designed and constructed pursuant to and in accordance with the Final Plans, the Special Use Ordinance and Requirements of Law. All work performed on the Development shall be conducted in a good and workmanlike manner and with due dispatch in accordance with the schedule established in Subsection 7.C.2 of this Agreement. All materials used for construction of the Development shall be new and of first quality.

2. **Improvements.** The design and construction of the Improvements shall be subject to the reasonable written satisfaction of the Village Administrator or his designee in accordance with the Unified Development Code.

3. **Contract Terms; Prosecution of the Work.** The Developer shall include in every contract for work on the Development terms requiring the contractor to prosecute the work diligently, continuously, in full compliance with, and as required by or pursuant to, this Agreement, the Final Plans, the Special Use Ordinance, and the Requirements of Law, until the work is properly completed, and terms if the Developer may take over and prosecute the work if the contractor fails to do so in a timely and proper manner.

4. **Architect or Engineering Services.** The Developer shall provide, at its sole cost and expense, all engineering services for the design of the Development by a professional architect or engineer responsible for overseeing the of the Development. The Developer shall promptly provide the Village with the name of the construction project manager and a telephone number or numbers at which the construction project manager can be reached at all times.

5. **Village Inspections and Approvals.** All work on the Development shall be subject to inspection and approval by Village representatives at all times.

6. Other Approvals. Where the construction and installation of the Development requires the consent, permission, or approval of any public agency other than the Village or private party, the Developer shall promptly file all applications, enter into all agreements, post all security, pay all fees and costs, and otherwise take all steps that may be reasonably required to obtain the required consent, permission, or approval.

C. Construction Traffic and Parking.

1. Designated Traffic Routes. Prior to or concurrent with the Developer's application for the first work to be performed on the Property, the Developer shall submit a construction management traffic and parking plan for review and approval by the Village Administrator or his designee. Such plan shall include all designated traffic routes, construction fencing and construction sequencing plans. Notwithstanding the plan, the Village may designate alternate routes of access to the Property for construction traffic to protect pedestrians and to minimize disruption of traffic and damage to paved street surfaces; provided, however, that the designated routes shall not unduly hinder or obstruct direct and efficient access to the Property for construction traffic. The plan shall include the proposed methods by which the Developer will keep all routes used for construction traffic free and clear of mud, dirt, debris, obstructions, and hazards. The Developer shall repair all damage caused by the construction traffic.

2. Parking. The construction management plan shall show the location where all construction vehicles, including passenger vehicles, and construction equipment shall be parked within the Property. Any proposed parking area located outside the Property shall be identified and subject to approval by the Village Administrator or his designee.

D. Issuance of Permits and Certificates. The Village has the right to withhold the issuance of certificates of occupancy for any building or structure located on the Property until the Improvements are completed by the Developer or until other arrangements satisfactory to the Village Administrator or his designee, in his reasonable sole and absolute discretion, shall have been made. The issuance of any building permit or certificate of occupancy by the Village at any time prior to completion of all the Improvements and, where appropriate, acceptance thereof by the Village shall not confer on the Developer any right or entitlement to any other building permit or certificate of occupancy. Any amendment to the Village's local building codes solely related to new construction, which is approved after the first complete building permit application has been filed with the Village, shall not require changes in the Final Plans.

E. Damage to Public Property. The Developer shall maintain the Property and all streets, sidewalks and other public property in and adjacent to the Property in a good and clean condition at all times during development of the Property and construction of each phase of the Development. Further, the Developer shall (1) promptly clean all mud, dirt, or debris deposited on any street, sidewalk, or other public property in or adjacent to the Property by the Developer or any agent of or contractor hired by, or on behalf of, the Developer; and (2) repair any damage that may be caused by the activities of the Developer or any agent of or contractor hired by, or on behalf of, the Developer.

F. Burial of Public Utility Lines. Developer shall, at its expense, bury at the locations approved by the Village Engineer, all overhead public utility lines that are newly constructed and installed within the Property to serve the Development. The Developer will contract with a contractor mutually approved by the Village and the Developer, for the removal of the existing overhead utility

lines and the replacement thereof with underground utilities pursuant to terms and conditions mutually approved by the parties.

G. **Compliance with Prevailing Wage.** The Developer shall comply, and shall cause all contractors constructing the Development to comply, with the Illinois Prevailing Wage Act (820 ILCS 130/0.01 *et seq.*), as it may be applicable. Without limiting anything in prior sentence, the Developer acknowledges and agrees, and will take all necessary steps to insure, that the Illinois Prevailing Wage Act applies to each contract pursuant to which Developer will construct, or cause the construction of, an Improvement that will be dedicated or transferred to the Village or other public entity upon its completion and acceptance.

SECTION 7. COMMENCEMENT AND COMPLETION OF CONSTRUCTION.

A. **Prohibition of Construction of Any Kind Prior to All Approvals.** The Developer acknowledges and agrees that, unless specifically authorized in writing by the Village Administrator, in his sole and absolute discretion, no Environmental Remediation, grading, site work, tree or landscape removal, construction, improvement, or development of any kind shall be permitted on any portion of the Property unless and until the Final Plans have all been approved by the Village Administrator or his designee. Notwithstanding the provisions of this Section, the Developer may apply for and the Village Administrator may permit limited Environmental Remediation and or may issue limited site work permits prior to the approval of the Final Plans.

B. **Commencement of Construction.** In addition to the restriction set forth in Section 7.A of this Agreement, the following shall apply to the construction of the Development:

1. **Foundation Construction.** No construction of any kind shall be permitted on or with respect to the foundation portion of the Development unless and until the Developer obtains written approval from the Village Administrator or his designee.

2. **Vertical Construction.** No vertical construction of any kind shall be permitted on the Development unless and until the Developer delivers to the Village Administrator evidence of a written financial commitment(s) from one or more reputable lending institution(s) agreeing to make a loan to the Developer that, in an amount which is sufficient to reasonably satisfy the Village that Developer has sufficient financial resources to cover the costs of construction of the Development and of all Improvements related to the first phase of construction. The form, substance, and adequacy of the written financing commitment shall be acceptable to the Village Administrator in his reasonable determination.

C. **Diligent Pursuit of Construction.**

1. Once commencement of construction is authorized pursuant to this Agreement, the Developer shall pursue the construction of the Development in a diligent and expeditious manner.

2. The Developer shall complete the Development within the time prescribed in the applicable building permits, but in event no later than December 31, 2019 The Developer shall be allowed extensions of time beyond the completion dates set forth in such permits only for unavoidable delay caused by Uncontrollable Circumstances or as may be approved by the Village Administrator.

D. Failure to Complete Construction.

1. **Removal of Partially Constructed Structures and Improvements.** Subject to Uncontrollable Circumstances, if the Developer fails to diligently pursue all construction as required within the time period prescribed in the building permit or permits issued by the Village for the construction or in accordance with the schedule approved by the Village Administrator or his designee pursuant to Subsection 7.C.2, and if a perfected application to renew the building permit or permits is not filed and approved within 30 days after the expiration of the permit or permits, the Developer shall, subject to the rights of the project lenders within 60 days after notice from the Village: (a) remove or commence to remove any partially constructed or partially completed buildings, structures, or Improvements for that phase from the Property; and (b) perform site restoration and modification activities to establish a passive park-like setting on the affected portion of the Property in accordance with plans approved by the Village ("***Site Restoration***").

2. **Removal and Restoration by Village.** In the event the Developer fails or refuses to remove the buildings, structures, and Improvements, or to perform the Site Restoration, as required pursuant to Section 7.D.1 of this Agreement, the Village shall have, and is hereby granted, the right, at its option (but subject to the rights of the project lenders), to enter upon the Property to: (a) demolish and/or remove any of the buildings, structures and Improvements from any and all portions of the Property, and to perform the Site Restoration; or (b) cause the Improvements to be completed in accordance with the plans submitted and any of the buildings or structures to be secured and weather tight. The Developer shall fully reimburse the Village for all costs and expenses, including legal and administrative costs, for such work within 30 days after a request therefor. If the Developer does not fully reimburse the Village for all such costs and expenses, and the Bonds described in Section 10 of this Agreement have no funds remaining in them or are otherwise unavailable to finance such work, then, subordinate to the project lenders, the Village shall have the right to place a lien on Property for all such costs and expenses in the manner provided by law. The rights and remedies provided in this Section shall be in addition to, and not in limitation of, any other rights and remedies otherwise available to the Village at law and/or in equity.

E. Certificate of Completion.

1. **Conditions for Certificate of Completion.** The Village will issue Developer a certificate of completion ("***Certificate of Completion***") upon the Developer's satisfaction of the following conditions ("***Completion Conditions***"):

- a. All residential units in the Development have been constructed and the Village has issued a final certificate of occupancy for at least 33 residential units;
- b. No fewer than 85 percent of the residential units in the Development have been sold;
- c. The Development conforms to this Agreement, the Special Use Ordinance, and Requirements of Law.

2. **Request for Certificate of Completion.** The Developer shall notify the Village when it believes that the Completion Conditions have been satisfied and shall request an inspection and a Certificate of Completion. The Village shall respond to the Developer's request for the Completion Certificate within 30 days by issuing either the Completion Certificate or a written statement detailing

the ways in which the Completion Conditions have not been satisfied and the measures which must be taken by the Developer to obtain the Completion Certificate.

F. **Other Transactions.** Developer shall not enter into any transaction prior to the issuance of the Certificate of Completion that materially or adversely affects its ability to finance or complete the Development.

G. **Maintenance of the Development Upon Completion.** Upon the issuance of the Certificate of Completion, Developer shall maintain the Development in accordance with the Special Use Ordinance, the Final Plans, and the Requirements of Law ("**Maintenance Obligation**"). If (i) Developer defaults on its Maintenance Obligation and fails to cure such default after ninety (90) days' written notice from the Village, or as soon as practicable after written notice in the case of a default that creates a hazard to public health and safety, and (ii) the Village substantially prevails in a judicial action regarding such default, Developer shall post a letter of credit in an amount not less than the cost of six months of maintenance for the Property, as determined by the Village Administrator, based on generally acceptable maintenance standards for properties of similar size and use, within ninety (90) days of a final order issued in the judicial action, which letter of credit the Village may draw upon to cure any future or continued breach of the Maintenance Obligation. The Village's remedies pursuant to this Section 7.G are in addition, and without prejudice, to any other rights and remedies available to the Village for Developer's breach of its Maintenance Obligation. This Section runs with the land.

SECTION 8. RECAPTURES.

The Village has no recapture fees that the Developer is required to pay pursuant to this Agreement. There are no costs for which the Developer is entitled to recapture under this Agreement.

SECTION 9. PAYMENT OF VILLAGE FEES AND COSTS.

A. **Village Impact Fees.** The Village has no Village impact fees in effect that will be caused by the Development

B. **General Requirements.** In addition to any other costs, payments, fees, charges, contributions, or dedications required by this Agreement, the Developer shall pay to the Village, as and when due, all application, inspection, and permit fees, all water and sewer general and special connection fees, tap-on fees, charges and contributions, and all other fees, charges, and contributions required by applicable Village codes, ordinances, resolutions, rules, or regulations.

C. **Special Requirements.** In addition to any other costs, payments, fees, charges, contributions, or dedications required by this Agreement or by applicable Village codes, ordinances, resolutions, rules or regulations, the Developer shall pay to the Village, immediately upon presentation of a written demand or demands therefor, all reasonable legal, engineering, and other consulting or administrative fees, costs, and expenses incurred or accrued in connection with the review and processing of plans for the development of the Property and in connection with the negotiation, preparation, consideration, and review of this Agreement and all of its exhibits. Payment of all such fees, costs, and expenses for which demand has been made, but payment has not been received, by the Village prior to execution of this Agreement shall be made by a certified or cashier's check immediately upon execution of this Agreement by the Village President. Further, the Developer agrees that it will continue to be liable for and to pay, immediately upon presentation of a written demand or demands therefor, such fees, costs, and expenses incurred in connection with any applications, documents, or

proposals, whether formal or informal, of whatever kind submitted by the Developer during the term of this Agreement in connection with the development and use of the Property. Further, the Developer agrees that it shall be liable for and shall pay upon demand all costs incurred by the Village for publications and recordings required in connection with the aforesaid matters.

SECTION 10. PERFORMANCE SECURITY.

A. Performance and Payment Bonds. As security to the Village for the performance by the Developer of the Developer's obligations to construct and complete the Public Improvements and the Common Improvements pursuant to and in accordance with this Agreement, the Developer hereby irrevocably elects, on behalf of itself and its successors, and agrees to provide the Village, no later than the date of the approval of the Final Plans, performance and payment security for the Public Improvements and the Common Improvements ("**Guarantee**") in the form of irrevocable surety bonds ("**Bonds**") in the amount set forth in Section 12-8-3.C of the Unified Development Code, and in accordance with the terms set forth therein. The Bonds shall be in form and satisfactory to the Village's Corporation Counsel, from a surety company licensed to do business in the State of Illinois with a general rating of A and a financial size category of Class X or better in Best's Insurance Guide. The Guarantee shall be administered pursuant to Section 12-8-3.C of the Unified Development Code.

B. Use of Funds in the Event of Breach of Agreement. If the Developer fails or refuses to complete the Public Improvements, the Common Improvements, or both in accordance with this Agreement, or fails or refuses to correct any defect or deficiency in the Public Improvements, the Common Improvements, or both, or remove partially completed buildings or structures as required by this Agreement, or fails or refuses to perform Site Restoration in accordance with a demand made pursuant to his Agreement, or fails or refuses to pay any amount demanded by the Village as and when required pursuant to this Agreement, or in any other manner fails or refuses to meet fully any of its obligations under this Agreement, then the Village in its reasonable discretion may draw on and retain all or any of the funds remaining in the Bonds. The Village thereafter shall have the right, subject to 30 days notice and opportunity for cure, to exercise its rights under this Agreement, to take any other action it deems reasonable and appropriate to mitigate the effects of any failure or refusal, and to reimburse itself from the proceeds of the Bonds for all of its costs and expenses, including legal fees and administrative expenses, resulting from or incurred as a result of the Developer's failure or refusal to fully meet its obligations under this Agreement. If the funds remaining in the Bonds are insufficient to repay fully the Village for all costs and expenses, then the Developer shall upon demand of the Village therefor deposit with the Village any additional funds as the Village determines are necessary, within 30 days of a request therefor, to fully repay such costs and expenses.

SECTION 11. TIF Assistance.

A. Redevelopment Project Costs Eligible for Reimbursement. The parties acknowledge that Developer will pay, or has paid, for expenses which qualify as Redevelopment Project Costs as defined in the TIF Act ("**TIF Eligible Expenses**"). The Developer has estimated that it has spent or will spend approximately three million seven hundred and nineteen thousand dollars, five hundred and sixty-three (\$3,719,563.00) dollars TIF Eligible Expenses

B. Village to Provide a Subsidy to Developer for Certain TIF Eligible Expenses. The Village shall provide a subsidy the Developer to reimburse the Developer for the following expenses, provided such expenses qualify as TIF Eligible Expenses. However, under no circumstances shall the total TIF

subsidy paid to the Developer exceed one million seven hundred and five thousand (\$1,705,000) or such lesser sums as set forth in Section 11.F of this Agreement ("TIF Subsidy").

1. The Village shall reimburse or remit to Developer up to \$1,431,700.00 for the TIF Eligible Expenses incurred by the Developer to complete the Environmental Remediation work set forth in Section 4.B of this Agreement, and to bury overhead utility lines on the Property as set forth in Section 6.E of the Agreement.
2. The Developer stipulates that the Village has already paid Commonwealth Edison \$35,000.00 for engineering services for burying existing overhead utilities, which shall be counted against the \$1,431,700.00. The Village shall reimburse the Developer for its actual out of pocket costs incurred for this work, 30 days after the work has been completed and approved by the Village and the Developer has satisfied the conditions of Section 11. C below.
3. As work is performed pursuant to Section 11.B.1, provided Developer has complied with Section 11.C, the Village shall reimburse Developer for the actual out-of-pocket costs incurred for such work, or at the request of Developer, the Village shall cause to be deposited in an escrow with Chicago Title and Trust Company, pursuant to escrow instructions acceptable to the Village, the sum of \$1,430,700.00 which shall be deposited upon establishment of the escrow and to be disbursed as work is performed and draw requests are submitted..
4. The Village shall reimburse the Developer for an additional amount of the out-of-pocket TIF Eligible Expenses to maximum of \$273,300.00 ("The 11. B.4 Reimbursement). The 11.B.4 Reimbursement will be reduced by: (i) the amount equal to \$35,000.00 for every quarter percent (0.25%) increase in the Developer's unleveraged return on total costs (with TIF Assistance from the Village) over 6% ("Increased Development Profitability"); and (ii) the amount the work pursuant to section 11.B.1 is less than \$1,430,700.00. The Section 11.B.4 Reimbursement shall be paid to the Developer after: (i) the Village has issued the Developer a Certificate of Completion pursuant to Section 7.E of this Agreement, (ii) the Developer satisfies the conditions of Section 11. C below and (iii) when Developer has transferred title to all the 36 units to be constructed by Developer to third party purchasers thereof.

C. Conditions for Reimbursement of TIF Eligible Expenses. To be reimbursed for the TIF Eligible Expenses set forth in Section 11. B. 1 and 3. Above, the Developer shall provide the Village with or deposit in the escrow referred to in section Section 11. B. 3 : (i) sworn statements and lien waivers for any material, fixtures, apparatus, machinery, services, or labor provided by any contractor, subcontractor, or other Person entitled to file a lien under the Mechanics Lien Act, 770 ILCS 60/1, for the TIF Eligible Expense for which reimbursement is sought; (ii) bills, contracts, invoices and paid receipts (provided that Developer need not advance payment for work which is to be paid through the escrow) evidencing the costs and payment by the Developer of the TIF Eligible Expense; (iii) other documents or information that the Village reasonably requires to evidence appropriate payment of the TIF Eligible Expense; and (iv) in the case of Section 11.B.4 a certified statement from the Developer as to the Developer's unleveraged return on total costs (with TIF Assistance from the Village) based on its actual expenses and revenues. Within thirty (30) days after the Village receives a TIF Certification Request, the Village shall send the Developer written notice (i) approving or disapproving the TIF Eligible Expense or

(ii) if the Village disapproves the TIF Eligible Expense, the Village shall specify the reason for such disapproval in reasonable detail.

D. Creation of Separate Tax Code. The Parties acknowledge that (i) under the TIF Act, the Cook County Clerk is required, for each individual tax parcel within the TIF District with a current EAV greater than its Initial EAV, to annually calculate, allocate, collect, and pay to the Village an amount equal to the Incremental Property Taxes attributable to such increase, (ii) as a matter of practice, the Cook County Clerk has not always followed this requirement and, instead of calculating Incremental Property Taxes on a parcel by parcel basis, has been calculated Incremental Property Taxes on an aggregate basis, taking the entire Incremental Property Taxes for an entire redevelopment project area, reducing that amount by the total reduction in property taxes that are paid for tax parcels that have a then-current EAV that is less than the Initial EAV, and allocating proportionate shares of that aggregate amount to the tax parcels within the redevelopment project area that have current EAV's greater than the Initial EAV, (iii) the "aggregate" method could result in an improper overpayment to certain taxing bodies and an improper underpayment of Incremental Property Taxes to the Village, and (iv) to avoid such improper underpayments, the Cook County Clerk and Cook County Assessor have sometimes assigned specific and unique tax code designations to certain tax parcels within a redevelopment project area to effectively allow Incremental Property Taxes to be calculated on a the basis of the tax codes. The Village has, prior to the Effective Date, submitted a request to the Cook County Clerk to petition for a separate tax code for the Property. The Village and Developer shall work cooperatively with the Offices of the Cook County Clerk and Assessor to create a separate tax code designation for the tax parcels located within the Property, so that Incremental Property Taxes can be properly calculated on a parcel by parcel basis.

E. Property Tax Appeals. At any time during the Term of this Agreement, if the Owner or Developer, or any other Person with the legal authority to do so, files or submits any appeal, objection, or other proceeding to any official, agency or other entity with jurisdiction, that seeks to reduce the assessed value of the Property or any part thereof, or to otherwise reduce the total amount of *ad valorem* taxes paid on the Property or any part thereof, during the term of this Agreement, copies of all documents, evidence or other materials filed by the Owner, Developer or such other Person shall also be submitted to the Village not later than thirty (30) days after each such filing with such official, agency or other entity with jurisdiction.

F. Reduced TIF Subsidy Based on Increased Development Profitability. The maximum TIF Subsidy of \$1,705,000 shall be reduced by \$35,000 for every quarter percent (.25%) increase in the Developer's unleveraged return on total costs (with TIF Assistance from the Village) over six percent (6%).

SECTION 12. LIABILITY AND INDEMNITY OF VILLAGE.

A. Village Review. The Developer acknowledges and agrees that the Village is not, and shall not be, in any way liable for any damages or injuries that may be sustained as the result of the Village's review and approval of any plans for the Property, the Development, or the Improvements, or the issuance of any approvals, permits, certificates, or acceptances, for the development or use of the Property, the Development, or the Improvements, and that the Village's review and approval of any such plans and the Improvements and issuance of any such approvals, permits, certificates, or acceptances does not, and shall not, in any way, be deemed to insure the Developer, or any of its heirs,

successors, assigns, tenants, and licensees, or any third party, against damage or injury of any kind at any time.

B. Village Procedure. The Developer acknowledges and agrees that all notices, meetings, and hearings have been properly given and held by the Village with respect to the approval of this Agreement and agrees not to challenge such approval on the grounds of any procedural infirmity or of any denial of any procedural right.

C. Indemnity. The Developer agrees to, and does hereby, hold harmless and indemnify the Village, the Corporate Authorities, the Plan Commission, and all Village elected or appointed officials, officers, employees, agents, representatives, engineers, and attorneys, from any and all claims that may be asserted at any time against any of such parties in connection with (i) the Village's review and approval of any plans for the Property or the Improvements; (ii) the issuance of any approval, permit, certificate or acceptance for the Property or the Improvements; (iii) the development, construction, maintenance or use of any portion of the Property, the Development or the Improvements; and (iv) the collection and distribution of amounts paid by the Developer pursuant to this Agreement.

D. Defense Expense. The Developer shall, and does hereby agree to, pay all reasonable expenses, including legal fees and administrative expenses, incurred by the Village in defending itself regarding all the claims referenced in Subsection 12.C of this Agreement.

SECTION 13. SUBDIVISION, SUCCESSORS IN INTEREST, AND TRANSFER OF OBLIGATIONS.

A. Future Subdivision of Property. Any proposed subdivision of the Property shall comply in all respects with the Requirements of Law, including without limitation Section 12-8-1 *et seq.* of the Unified Development Code, and may require an amendment to the Special Use Ordinance and the Redevelopment Agreement. No part of the Property may be withdrawn from the Special Use Ordinance or this Agreement nor transferred to another party, without express approval of the Corporate Authorities.

B. Binding on Successors. All obligations assumed by the Developer under this Agreement shall be binding upon Developer, its successors and assigns, and upon all the respective successor legal or beneficial owners of all or any portion of the Property. To assure that all such successors, assigns and successor owners have notice of this Agreement and the obligations created by it, the Developer shall:

1. Upon request, provide any consents or other documents necessary to authorize the Village to record this Agreement with the Office of the Cook County Recorder of Deeds; and

2. Notify the Village in writing at least 30 days prior to any date upon which such party transfers a legal or beneficial interest in any portion of the Property to any party not a party to this Agreement; and

3. Require, prior to the transfer of all or any portion of the Property, or any legal or equitable interest therein, except for individual residential units of the Development for which the Village has issued Certificates of Occupancy, to any party not a party to this Agreement, the transferee of the Property or of said portion of or interest in the Property to execute an enforceable written agreement, in a form approved by the Village's Corporation Counsel in which such party agrees to be bound by the provisions of this Agreement and to provide the

Village, upon request, with such reasonable assurance of the financial ability of such transferee to meet those obligations as the Village may require.

C. Limited Release of the Developer. Subject to the terms and conditions of this Agreement, this Agreement is transferable and assignable only with the written consent of the Village and upon a successor becoming bound to the personal obligation created in the manner provided in this Agreement and providing the financial assurances required herein. In such event, the personal liability of the Developer shall be released to the extent of the transferee's assumption of such liability. The failure of the Developer to provide the Village with a fully executed copy of a Transferee Assumption Agreement required above by the transferee to be bound by the provisions of this Agreement and, if requested by the Village, with the transferee's proposed assurances of financial capability before completing any such transfer shall result in the Developer remaining fully liable for all of the Developer's and Developer's obligations under this Agreement but shall not relieve the transferee of its liability for all such obligations as a successor to the Developer.

SECTION 14. TERMINATION OF AGREEMENT.

A. Termination due to Non-performance. In the event that (i) the sale of the Property does not occur on or before 12:00 noon on December 31, 2017; or (ii) construction does not commence on or before 12:00 noon on March 1, 2018, the Village shall have the right to terminate this Agreement, by delivering to the other parties to this Agreement a notice of termination.

B. The provisions of this Agreement shall run with and bind the Property, and shall inure to the benefit of, and be enforceable by, the Developer, the Village, and any of their respective legal representatives, heirs, grantees, successors, and assigns, from the Effective Date of this Agreement and until the last to occur of (i) the termination of tax increment financing district established pursuant to the TIF Ordinances, and (ii) final resolution of any appeal, objection or other proceeding that reduces the assessed valuation of the Property or the amount of ad valorem taxes paid on the Property during the Term. Any rights of the Parties or causes of action accruing to the parties during the Term of this Agreement shall survive its termination and be enforceable against the other party or parties. In addition, notwithstanding anything to the contrary in this Section 16, the Developer's indemnity and defense obligations as set forth in Section 12 of this Agreement, and Sections 7.G. and 13, shall survive the termination of this Agreement.

SECTION 15. DEVELOPER'S REPRESENTATIONS, COVENANTS, AND WARRANTIES.

A. By the Developer. The Developer, and the persons executing this Agreement on behalf of the Developer, represent, warrant, and covenant, as of the date of this Agreement, that:

1. the Developer is an Illinois limited liability company duly organized, validly existing, qualified to do business in Illinois;
2. the Developer has the right, power, and authority to enter into, execute, deliver and perform this Agreement, and the Developer is in compliance with all Requirements of Law, the failure to comply with which could affect the ability of the Developer to perform its obligations under this Agreement;

3. the execution, delivery and performance by the Developer of this Agreement has been duly authorized by all necessary corporate action, and does not and will not violate its organizational documents, as amended and supplemented, any of the applicable Requirements of Law, or constitute a breach of or default under, or require any consent under, any agreement, instrument, or document to which the Developer is now a party or by which the Developer is now or may become bound;
4. there are no actions or proceedings by or before any court, governmental commission, board, bureau or any other administrative agency pending, threatened, or affecting the Developer which would impair its ability to perform under this Agreement;
5. the Developer, to the extent it elects to proceed with the construction of the Development, shall apply for or cause to be applied for, and upon receipt, thereafter, maintain or caused to be maintained, all government permits, certificates, and consents (including, without limitation, appropriate environmental approvals) necessary to conduct its business and to construct and complete the Development and operate the Development as required by this Agreement; and
6. the Developer has sufficient financial and economic resources to implement and complete its obligations under this Agreement. The Developer has no knowledge of any liabilities, contingent or otherwise, of Developer which might have a material adverse effect upon its ability to perform its obligations under this Agreement.

SECTION 16. VILLAGE'S REPRESENTATIONS, COVENANTS, AND WARRANTIES.

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

1. The Village is a municipal corporation duly organized and validly existing under the law of the State of Illinois and has all requisite corporate power and authority to enter into this Agreement.
2. 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.
3. To the best of the Village's knowledge, there are no proceedings pending or threatened against or affecting the Village or the Property in any court or before any governmental authority that involves the possibility of materially or

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

SECTION 17. ENFORCEMENT.

The parties to this Agreement may, in law or in equity, by suit, action, mandamus or any other proceeding, including without limitation, specific performance, enforce or compel the performance of this Agreement: provided, however, that the Developer agrees that it will not seek, and does not have the right to seek, to recover a judgment for monetary damages against the Village or any elected or appointed officials, officers, employees, agents, representatives, engineers, or attorneys thereof, on account of the negotiation, execution, or breach of any of the terms and conditions of this Agreement. In addition to every other remedy permitted by law for the enforcement of the terms of this Agreement, the Village shall be entitled to withhold the issuance of building permits or certificates of occupancy for any building or structures within the Property at any time when the Developer or Developer has failed or refused to meet fully any of its obligations under this Agreement after notice and an opportunity to cure as provided in Section 18. In the event of a judicial proceeding brought by one party to this Agreement against another party to this Agreement, the prevailing party in such judicial proceeding shall be entitled to reimbursement from the unsuccessful party of all costs and expenses, including reasonable attorneys' fees, incurred in connection with such judicial proceeding.

SECTION 18. DEFAULT.

A. Events of Default by the Developer. The following shall be Events of Default with respect to this Agreement:

1. A statement or representation by the Developer in this Agreement, or in any certificate, notice, demand or request made and delivered to the Village that is untrue or incorrect in any material respect as of the date made; provided, however, that such default shall constitute an Event of Default only if the Developer does not remedy the default, within 15 days after written notice from the Village.
2. Default by the Developer for a period of 15 days after written notice thereof in the performance or breach of any covenant, warranty, or obligation contained in this Agreement, including without limitation any covenant concerning the existence, structure or financial condition of the Developer; provided, however, that such default or breach shall not constitute an Event of Default if such default cannot be cured within said 15 days and the Developer, within said 15 days, initiates and diligently pursues appropriate measures to remedy the default and in any event cures such default within ninety (90) days after such notice.
3. The entry of a decree or order for relief by a court having jurisdiction in the premises in respect of the 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 the Developer for any substantial part of its property, or ordering the

winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days.

4. The commencement by the Developer of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by the Developer to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of the Developer or of any substantial part of the Property, or the making by any such entity of any assignment for the benefit of creditors or the failure of the Developer generally to pay such entity's debts as such debts become due or the taking of action by the Developer in furtherance of any of the foregoing, or a petition is filed in bankruptcy by others.
5. Failure to have funds to meet the Developer's obligations.
6. Sale, assignment, or transfer of the Property except in accordance with the transferee assumption provisions in Section 13 of this Agreement.
7. Change in the organizational status of the Developer except in accordance with the transferee assumption provisions in Section 13 of this Agreement.
8. The Developer abandons the development and construction on the Property. Abandonment shall be deemed to have occurred when, after the commencement of construction on the Property as contemplated in Section 7.B of this Agreement, the construction work stops for more than 60 days for any reason other than Uncontrollable Circumstances. Neither the failure of the Developer to secure any approvals required for the Development or construction, nor the failure of the Developer to deliver the evidence of construction financing required pursuant to Section 7.B of this Agreement shall be valid defenses to abandonment.
9. The Developer fails to comply with the Requirements of Law in relation to the construction and maintenance of the buildings contemplated by this Agreement.
- B. Events of Default by the Village.** The following shall be Events of Default with respect to this Agreement:
 1. If any material representation made by the Village in this Agreement, or in any certificate, notice, demand or request made by a party hereto, in writing and delivered to the Developer pursuant to or in connection with any of said documents, shall prove to be untrue or incorrect in any material respect as of the date made; provided, however, that such default shall constitute an Event of Default only if the Village does not remedy the default, within 15 days after written notice from the Developer.
 2. Default by the Village in the performance or breach of any material covenant contained in this Agreement concerning the existence, structure or financial

condition of the Village; provided, however, that such default or breach shall constitute an Event of Default if the Village does not, within 15 days after written notice from the Developer, initiate and diligently pursue appropriate measures to remedy the default.

C. **Remedies for Default.** In the case of a party's Event of Default under this Agreement:

1. The defaulting party shall, upon written notice from the non-defaulting party, take immediate action to cure or remedy such Event of Default. If, in such case, any monetary Event of Default is not cured, or if in the case of a non-monetary Event of Default, action is not taken or not diligently pursued, or if action is taken and diligently pursued but such Event of Default or breach shall not be cured or remedied within a reasonable time, but in no event more than 30 additional days unless otherwise provided for in this this agreement or extended by mutual agreement, the non-defaulting party may institute such proceedings as may be necessary or desirable in its opinion to cure or remedy such default or breach, including, but not limited to, proceedings to compel specific performance of the defaulting party's obligations under this Agreement.
2. In the case of an Event of Default by the Developer occurring and continuing after the expiration of any applicable notice and cure period set forth in this Agreement, the Village may, and without prejudice to any other rights and remedies available to the Village, exercise all rights available to it by law and equity and any or all the following options:
 - a) if no building permits have been issued for the Development, the Village may require Site Restoration in accordance with the terms and provisions of Section 7.D of this Agreement, and the Developer shall transfer title back to the Village, and the Developer shall return any payments or credits given to it from the Village for the Development and reimburse the Village for any costs or expenses it has incurred or paid due to the Developer's Special Use application or otherwise relating to the Development;
 - b) if one or more building permits have been issued for the Development, the Village may require demolition, removal, and restoration work in accordance with the terms and provisions of Section 7.D of this Agreement, and the Developer shall transfer title back to the Village, and the Developer shall return any payments or credits given to it from the Village for the Development and reimburse the Village for any costs or expenses it has incurred or paid due to the Developer's Special Use application or otherwise relating to the Development;
 - c) The Corporate Authorities may initiate the process for revocation of the Zoning and Special Use Ordinance, in accordance with the provisions of that Ordinance. In such case, revocation shall be without protest or objection by the Developer.

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

SECTION 19. GENERAL PROVISIONS.

A. **Notice.** Any notice or communication required or permitted to be given under this Agreement shall be in writing and shall be delivered: (i) personally, (ii) by a reputable overnight courier, (iii) by certified mail, return receipt requested, and deposited in the U.S. Mail, postage prepaid. Unless otherwise expressly provided in this Agreement, notices shall be deemed received upon the earlier of (a) actual receipt; (b) one business day after deposit with an overnight courier as evidenced by a receipt of deposit; or (c) three business days following deposit in the U.S. mail, as evidenced by a return receipt. By notice complying with the requirements of this Section, each party shall have the right to change the address or the addressee, or both, for all future notices and communications to such party, but no notice of a change of addressee or address shall be effective until actually received.

Notices and communications to Village shall be addressed to, and delivered at, the following address:

Village of Morton Grove
6101 Capulina Ave
Morton Grove, IL 60053
Attention: Village Administrator

With a copy to:

Village of Morton Grove
6101 Capulina Ave
Morton Grove, IL 60053
Attention: Corporation Counsel

Notices and communications to the Developer shall be addressed to, and delivered at, the following addresses:

Developer,
Lexington Homes LLC
1731 N. Marcey Street
Suite 200
Chicago, IL 60614
Attention: Mr. Jeff Compton

With a copy to:

Ash, Anos, Freedman & Logan, L.L.C.
77 W. Washington Street, Suite 1211

Chicago, Illinois 60602
Attention: Lawrence M. Freedman

B. **Time of the Essence.** Time is of the essence in the performance of all terms and provisions of this Agreement.

C. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements and negotiations between the parties, whether written or oral, relating to the subject matter of this Agreement.

D. **Exhibits.** Exhibits A through E attached to this Agreement are, by this reference, incorporated in and made a part of this Agreement. In the event of a conflict between an exhibit and the text of this Agreement, this Agreement shall control.

E. **Amendments and Modifications.** No amendment or modification to this Agreement shall be effective unless and until it is reduced to writing and approved and executed by all parties to this Agreement in accordance with all applicable statutory procedures.

F. **Governing Law.** This Agreement shall be governed by, and enforced in accordance with, the internal laws, but not the conflicts of laws rules, of the State of Illinois.

G. **Changes in Laws.** Unless otherwise explicitly provided in this Agreement, any reference to any Requirements of Law shall be deemed to include any modifications of, or amendments to such Requirements of Law as may, from time to time, hereinafter occur.

H. **Non-Waiver.** The Village shall be under no obligation to exercise any of the rights granted to it in this Agreement. The failure of the Village to exercise at any time any right granted to the Village shall not be deemed or construed to be a waiver of that right, nor shall the failure void or affect the Village's right to enforce that right or any other right.

I. **Severability.** It is hereby expressed to be the intent of the parties hereto that should any provision, covenant, agreement, or portion of this Agreement or its application to any person, entity, or property be held invalid by a court of competent jurisdiction, the remaining provisions of this Agreement and the validity, enforceability, and application to any person, entity, or property shall not be impaired thereby, but the remaining provisions shall be interpreted, applied, and enforced so as to achieve, as near as may be, the purpose and intent of this Agreement to the greatest extent permitted by applicable law.

J. **No Third Party Beneficiaries.** No claim as a third party beneficiary under this Agreement by any Person shall be made, or be valid, against the Village, or the Developer.

SIGNATURE PAGES TO FOLLOW

IN WITNESS WHEREOF, the parties hereto have affixed their signatures the date and year first above written.

VILLAGE OF MORTON GROVE, an Illinois

home rule municipal corporation

By: [Signature]
Daniel P. DiMaria, Village President

ATTEST:

By: [Signature]
Eileen Scanlon Harford, Village Clerk

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

The foregoing instrument was acknowledged before me on 14th day of Nov., 2017, by Daniel P. DiMaria, the Village President of the VILLAGE OF MORTON GROVE, an Illinois home rule municipal corporation, and by Eileen Scanlon Harford, the Village Clerk of said municipal corporation.



[Signature]
Signature of Notary

SEAL
My Commission expires: 10/27/18

IN WITNESS WHEREOF, the parties hereto have affixed their signatures the date and year first above written.

Lexington Homes, LLC, an Illinois limited liability company

By: [Signature]

Its: [Signature]

ATTEST:

By: _____

Its: _____

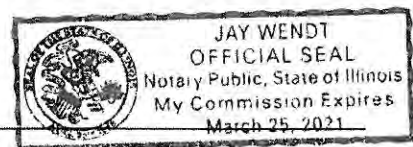
STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On November 22, 2017, Wayne Moretti, the
C.E.O. of Lexington Homes, LLC, an Illinois limited liability company, which individual is personally known to me, appeared before me and acknowledged that he signed the foregoing instrument for and on behalf of said limited liability company as his free and voluntary act and as the free and voluntary act of said company for the uses and purposes herein mentioned.

[Signature]
Signature of Notary

SEAL

My Commission expires: March 25, 2021



VILLAGE OF MORTON GROVE, ILLINOIS

**Balance Sheet - Governmental Funds
December 31, 2017**

	General	Special Lehigh/ Ferris Tax Increment Financing
ASSETS		
Cash and Investments	\$ 5,467,502	4,174,859
Receivables - Net of Allowances		
Property Taxes	10,007,029	1,024
Other Taxes	1,804,154	-
Accounts	978,824	-
Loan to Developer	-	3,370,000
IRMA Excess Surplus	1,027,354	-
IPBC Terminal Reserve	737,779	-
Due from Other Funds	2,251,055	44,364
Advances to Other Funds	1,148,930	-
Prepays	192	-
Land Held for Resale	-	4,614,670
Total Assets	23,422,819	12,204,917
LIABILITIES		
Accounts Payable	731,013	14,036
Accrued Payroll	567,813	1,241
Deposits Payable	542,589	-
Other Liabilities	233,841	-
Due to Other Funds	7,370	-
Advances from Other Funds	-	-
Total Liabilities	2,082,626	15,277
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	9,989,367	-
Total Liabilities and Deferred Inflows of Resources	12,071,993	15,277
FUND BALANCES		
Nonspendable	1,149,122	-
Restricted	-	12,189,640
Committed	-	-
Unassigned	10,201,704	-
Total Fund Balances	11,350,826	12,189,640
Total Liabilities, Deferred Inflows of Resources and Fund Balances	23,422,819	12,204,917

The notes to the financial statements are an integral part of this statement.

<u>Revenue</u>				
Waukegan Road Tax Increment Financing	Debt Service	Capital Projects	Nonmajor	Totals
170,778	80,296	1,240,277	2,266,074	13,399,786
3,450	584,032	118	-	10,595,653
-	37,500	6,250	219,448	2,067,352
-	-	-	-	978,824
-	-	-	-	3,370,000
-	-	-	-	1,027,354
-	-	-	-	737,779
-	-	-	7,370	2,302,789
-	-	-	-	1,148,930
-	-	-	-	192
-	-	-	-	4,614,670
174,228	701,828	1,246,645	2,492,892	40,243,329
204	400	170,017	225,492	1,141,162
-	-	-	94	569,148
-	-	-	-	542,589
-	-	-	-	233,841
1,627,671	-	-	667,748	2,302,789
1,148,930	-	-	-	1,148,930
2,776,805	400	170,017	893,334	5,938,459
-	583,089	-	-	10,572,456
2,776,805	583,489	170,017	893,334	16,510,915
-	-	-	-	1,149,122
-	-	1,076,628	2,287,688	15,553,956
-	-	-	23,930	23,930
(2,602,577)	118,339	-	(712,060)	7,005,406
(2,602,577)	118,339	1,076,628	1,599,558	23,732,414
174,228	701,828	1,246,645	2,492,892	40,243,329

The notes to the financial statements are an integral part of this statement.

VILLAGE OF MORTON GROVE, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended December 31, 2017

	General	Special Lehigh/ Ferris Tax Increment Financing
Revenues		
Taxes	\$ 16,603,559	2,561,215
Intergovernmental	7,408,121	-
Charges for Services	1,188,219	-
Licenses and Permits	1,801,637	-
Fines and Forfeitures	626,021	-
Interest Income	673,337	35,676
Miscellaneous	148,639	17,000
Total Revenues	<u>28,449,533</u>	<u>2,613,891</u>
Expenditures		
Current		
General Government	3,648,820	-
Public Safety	19,000,885	-
Streets and Sidewalks	2,328,660	-
Vehicle and Maintenance	662,341	-
Health and Human Services	9,059	-
Community Development	254,036	225,005
Building and Inspection Services	1,062,123	-
Capital Outlay	-	543,390
Debt Service		
Principal Retirement	-	520,000
Interest and Fiscal Charges	-	248,800
Total Expenditures	<u>26,965,924</u>	<u>1,537,195</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,483,609</u>	<u>1,076,696</u>
Other Financing Sources (Uses)		
Disposal of Capital Assets	-	(2,581,654)
Transfers In	270,000	-
Transfers Out	(357,375)	(2,180,613)
	<u>(87,375)</u>	<u>(4,762,267)</u>
Net Change in Fund Balances	1,396,234	(3,685,571)
Fund Balances - Beginning	<u>9,954,592</u>	<u>15,875,211</u>
Fund Balances - Ending	<u>11,350,826</u>	<u>12,189,640</u>

The notes to the financial statements are an integral part of this statement.

Revenue				
Waukegan Road Tax Increment Financing	Debt Service	Capital Projects	Nonmajor	Totals
603,181	811,618	136,195	13,043	20,728,811
-	218,012	25,000	1,314,341	8,965,474
-	-	-	590,793	1,779,012
-	-	-	-	1,801,637
-	-	-	-	626,021
2,406	4,140	43,274	17,626	776,459
-	-	59,346	-	224,985
605,587	1,033,770	263,815	1,935,803	34,902,399
-	-	-	-	3,648,820
-	-	-	396,180	19,397,065
-	-	-	708,269	3,036,929
-	-	-	-	662,341
-	-	-	-	9,059
204	-	-	1,009,070	1,488,315
-	-	-	-	1,062,123
-	-	940,439	-	1,483,829
2,067,632	912,110	-	-	3,499,742
77,745	460,886	-	-	787,431
2,145,581	1,372,996	940,439	2,113,519	35,075,654
(1,539,994)	(339,226)	(676,624)	(177,716)	(173,255)
-	-	-	-	(2,581,654)
1,910,613	357,375	-	-	2,537,988
-	-	-	-	(2,537,988)
1,910,613	357,375	-	-	(2,581,654)
370,619	18,149	(676,624)	(177,716)	(2,754,909)
(2,973,196)	100,190	1,753,252	1,777,274	26,487,323
(2,602,577)	118,339	1,076,628	1,599,558	23,732,414

The notes to the financial statements are an integral part of this statement.



REPORT OF INDEPENDENT ACCOUNTANTS

June 27, 2018

The Honorable Village President
Members of the Board of Trustees
Village of Morton Grove, Illinois

We have examined management's assertion included in its representation report that the Village of Morton Grove, Illinois, with respect to the Lehigh Ferris RPA, complied with the requirements of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended December 31, 2017. As discussed in that representation letter, management is responsible for the Village of Morton Grove, Illinois' compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Village's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Village of Morton Grove, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Village of Morton Grove, Illinois' compliance with specified requirements.

In our opinion, management's assertion that the Village of Morton Grove, Illinois complied with the aforementioned requirements during the year ended December 31, 2017 is fairly stated in all material respects.

This report is intended solely for the information and use of the Village President, Board of Trustees, management, and the Illinois Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

Lauterbach + Amen LLP

LAUTERBACH & AMEN, LLP