

CITY OF BATAVIA
100 N. Island Avenue, Batavia, IL 60510
(630) 454-2000 <http://cityofbatavia.net>

Committee of the Whole Agenda
Tuesday, August 16, 2016
7:30 PM Council Chambers 1st Floor

1. Roll Call
2. Approve Minutes For June 28, And August 2, 2016

Documents:

[COW 16-06-28M.PDF](#)
[COW 16-08-02M.PDF](#)

3. Items Removed/Added/Changed
4. Matters From The Public (For Items NOT On Agenda)
5. Consent Agenda:

(The consent agenda is made up of items recommended by city staff that require recommendation to the full City Council by the COW. This agenda is placed as a separate item on the COW agenda. The items on the consent agenda are usually minor items, already budgeted, standard non-policy activities or outgrowths of earlier meetings and are voted on as a "package" in the interest of saving time on non-controversial issues. However, any council member may, by simple request, have an item removed and placed on the "regular" agenda.)

- a. Resolution 16-72-R: Approving Task Order #9 with Trotter and Associates, Inc.
(Gary Holm 8/11/16) PU
- b. Resolution 16-71-R: Authorization to Purchase a 2016 Ford F250 Truck Chassis from
Morrow Brothers Ford for \$26,580.00 (Scott Haines 8/9/16) PU

Documents:

[RES 16-72-R APPROVING TASK ORDER 9 WITH TROTTER -ASSOCIATES INC.PDF](#)
[RES 16-71-R 2016 FORD F250 TRUCK CHASSIS WATER PURCH.PDF](#)

6. Fire Station Monument Signs (RD 8/9/16)

Documents:

[FIRE STATION MONUMENT SIGN MEMO.PDF](#)

7. Presentation: Draft Washington-Wilson Tax Increment Financing District Redevelopment Plan And Program (Chris Aiston 8/11/16)

Documents:

[WASHINGTON WILSON REDEV PLAN-PROG.PDF](#)

8. Discussion: Redevelopment Agreement With 1 N. Washington, LLC (Laura Newman 8/12/16) CD

Documents:

[RE CHANGES TO RDA AUGUST11-16.PDF](#)

9. Project Status
10. Other
11. Executive Session:
 - a. Personnel
 - b. Purchase of Land
12. Adjournment

MINUTES
June 28, 2016
Committee of the Whole
City of Batavia

Please **NOTE:** These minutes are not a word-for-word transcription of the statements made at the meeting, nor intended to be a comprehensive review of all discussions. They are intended to make an official record of the actions taken by the Committee/City Council, and to include some description of discussion points as understood by the minute-taker. They may not reference some of the individual attendee's comments, nor the complete comments if referenced.

Chair Brown called the meeting to order at 7:30pm.

1. Roll Call

Members Present: Chair Brown; Ald. Russotto, Atac, Chanzit (entered at 7:31pm), Wolff, Callahan, Hohmann, Mueller, Botterman and Cerone

Members Absent: Ald. Stark, O'Brien, Fischer, and McFadden

Also Present: Mayor Schielke (entered at 7:31pm); Chief Schira, Batavia Police Department; Peggy Colby, Director of Finance; Wendy Bednarek, Human Resources Director; Drew Rackow, Planner; Jeff Albertson, Building Commissioner; Joel Strassman, Planning and Zoning Officer; Rahat Bari, City Engineer; Bill McGrath, City Administrator; and Jennifer Austin-Smith, Recording Secretary

2. Items to be Removed/Added/Changed

Chair Brown stated that he would be renumbering the agenda to accommodate those presenting to the Committee of the Whole (COW). There was no objection from the Committee.

Brown announced that personnel would be added to the closed session portion of the meeting. There was no objection from the Committee.

3. Matters From the Public (For items NOT on the agenda)

There were no matters from the public at this time.

4. Consent Agenda

(The Consent Agenda is made up of items recommended by city staff that requires recommendation to the full City Council by the COW. This agenda is placed as a separate item on the COW agenda. The items on the Consent Agenda are usually minor items, already budgeted, standard non-policy activities or outgrowths of earlier meetings and are voted on as a "package" in the interest of saving time on non-controversial issues. However, any council member may, by simple request, have an item removed and placed on the "regular" agenda.)

Motion: To recommend to City Council approval of the Consent Agenda as presented

Maker: Hohmann

Second: Botterman

Voice Vote: 10 Ayes, 0 Nays, 4 Absent

Motion carried.

5. Presentation: 2015 Comprehensive Annual Financial Report by Brian LeFevre of Sikich LLP (PLC)

Colby stated that everyone should have received a copy of the 2015 Comprehensive Annual Financial Report. She introduced Brian LeFevre from Sikich LLP. LeFevre discussed the sections of the financial report and overviewed the report and financial statements with the Committee.

Motion: To accept the 2015 Comprehensive Annual Financial Report and present to City Council
Maker: Cerone
Second: Russotto
Voice Vote: 10 Ayes, 0 Nays, 4 Absent
Motion carried.

6. Approval: Class B-5 Liquor License – Speedway (Chief Schira 6-21-16) GS

Chief Schira reported that the applicant is requesting a B-5 license, which is sale of any and all alcohol. The department performed a background check and there were no issues found. Chief Schira noted that there may be more applications for liquor licenses coming to the Committee.

Motion: To recommend to City Council approval of the Class B-5 Liquor License for Speedway LLC
Maker: Wolff
Second: Callahan
Voice Vote: 10 Ayes, 0 Nays, 4 Absent
Motion carried.

7. Approval: Windmill City Fest Carnival Permit and Fee Waiver (Jeff Albertson 6-21-16) GS

Albertson stated that this is the standard permit that is requested every year for the Windmill City Fest Carnival.

Motion: To recommend to City Council approval of the Windmill City Fest Carnival Permit and Fee Waiver
Maker: Cerone
Second: Botterman
Voice Vote: 10 Ayes, 0 Nays, 4 Absent
Motion carried.

8. Ordinance 16-38: Grant of Variance for Deferred Parking, Vista Investments, Applicant 1801 Suncast Lane. (Rackow 6/20/16)

Rackow stated that this variance is to increase the amount of deferred parking, which is parking that is designed but not built for the Suncast building expansion. The Zoning Board held a Public Hearing on the 15th regarding this change and agreed to the deferred parking. The Board recommended conditions if there is a change in use in the future or if there is parking issues on

the property then the City could begin discussions with the property owner to get parking in to address those issues. The Zoning Board of Appeals did recommend approval of the ordinance for grant of variance and staff is recommending approval as well.

Motion: To recommend to City Council approval of Ordinance 16-38: Grant of Variance for Deferred Parking, Vista Investments, Applicant 1801 Suncastr Lane
Maker: Wolff
Second: Callahan
Voice Vote: 10 Ayes, 0 Nays, 4 Absent
Motion carried.
CONSENT AGENDA

9. Ordinance 16-39: Amending the Text of the Zoning Code (Rackow 6/17/16) CD

Rackow stated that the Zoning Board held a Public Hearing to review two changes to the Zoning Code in two chapters, one being Chapter 3.1 to amend the requirements for a planned development overlay district and expand what a development overlay district could modify. The other chapter is Chapter 4.1, in response to other applications that are pending for lighting in general industrial sites, the lighting heights allowed have been amended for practicality purposes.

Motion: To recommend to City Council approval of Ordinance 16-39: Amending the Text of the Zoning Code
Maker: Wolff
Second: Hohmann
Voice Vote: 10 Ayes, 0 Nays, 4 Absent
Motion carried.
CONSENT AGENDA

10. Initial Land Use Proposal Review: Crash Champions Auto Body Shop, 2080 Main Street (Strassman 6/23/16) CD

Strassman reported that Crash Champions are looking to locate in the former Aldi store at 2080 Main Street. This property is zoned General Commercial. To allow for a body shop this property would have to be zoned Service Business. In addition to being zoned Service Business a body shop could require approval of a conditional use. The discussion tonight is only intended to review the proposed change in use.

Strassman stated that this property was annexed to the City in 1990 and designated and used for retail since the Aldi Store was built in 1992 through its closing in 2011. Windmill Creek has limited site lines from Randall Road and Main Street and it also has difficult access. In recent years, three other businesses have left Windmill Creek. Service Business is intended for areas of quasi-industrial use and for small-scale office and service uses. The land use element of the Comprehensive Plan identifies maintaining the commercial viability of the Randall Road corridor along with balancing land uses to serve the community's goals and policies. The City's Economic Development Consultant is in favor of this proposal. The property is not a prime retail site and the building is in need of renovation. This business has generated sales tax revenue and building improvements would add assessed value to the property. Staff recommends that the City conduct the review.

Tracy Cass, attorney, presented on the proposed auto body shop. The aerial view of the property was presented to the Committee using Google Earth. He noted that the other uses in this area are mostly automotive uses and not for retail. Direct access and visibility is needed for retail and this site does not have those two necessities. The proposed business would still collect retail sales tax on parts and supplies. We anticipate putting in one million dollars to enhance the site.

Craig Willowbridge, exclusive broker for Aldi foods, stated that they have been marketing this property since vacating the site in December 2010. The challenge here is the retail market gravitated to the north. Since 2011, we have had five or six legitimate offers for this property and most of which were automotive. The proposed business, Crash Champions, should revitalize this area.

Cass stated that Mr. Ebert, from Crash Champions, is here to answer any questions as well. Cass listed the other locations for this company. Callahan asked if as part of the business model there would be any rental car companies. Ebert stated that they have a partnership with Enterprise Rent a Car. Mayor Schielke stated that there was concern with outdoor storage getting out of control. The residents were wondering about any restrictions that we would have. He questioned if the view looking down into the property would be a big auto junkyard. Ebert stated that he has never had a vehicle for more than two months and that would be the worst wreck he has ever fixed. The average cycle on a drivable car is three-and-a-half days and a towed in vehicle is eight days. Those are the standards that he has to meet to satisfy the accounts he has. Cars will not sit there for more than two months and they put everything inside overnight to prevent potential storm damage. Mayor Schielke asked if he would be willing to say that automobiles will not sit outside for more than two months. Ebert stated that he would. Cass noted that these conditions could be written into the conditional use. Brown stated that there should be no smell. Ebert stated that there would be no smell. They work inside to reduce any noise pollution. Callahan and Brown were in support of this. Wolff stated that there would be sales tax produced. Ebert added that the surrounding existing uses would benefit from his business.

Brown asked if there was anyone from the public to address the Committee on this. There were no comments from the public.

11. Presentation: Fox River Stabilization Concept Design Presentation by the City's Consultant – Engineering Resource Associates (Bari 6/24/16) CS

The City of Batavia Fox River Streambank Stabilization project was presented by Erin Pande, CRM, PWS, Engineering Resources Associates, Inc. The presentation included the following:

- Shoreline Erosion (causes)
- Overall Project Area (Divided into six segments)
- Segment 1 Option A: Fabric Encapsulated Soil Lifts with Rock Toe
- Segment 1 Option B: Terrance Wall with Rock Toe
- Segment 2 Issues
- Segment 2 Option A: Fabric Encapsulated Soil Lifts with Rock Toe
- Segment 2 Option B: Double Terrace Wall with Rock Toe

- Segment 3 Issues (severe bank erosion from river, unprotected electrical, sanitary and water utilities)
- Segment 3 Option A: Triple Terrace Wall with Rock Toe
- Segment 3 Option B: Poured Concrete Wall
- Segment 4 Issues
- Segment 4 Option: Native Plants
- Segments 5 and 6 Issues (and potential to put trails behind these buildings)
- Segments 5 and 6 Options: Poured Concrete Wall with Trail Connection below Wilson St. Bridge
- Segments 5 & 6 Option A: Single & Double Terrace Wall with Rock Toe
- Segments 5 & 6 Option B: Poured Concrete Wall
- Segment 6 Options: Retaining Wall Repair
- All Segments: Limestone Outcroppings
- All Segments: Root Wads
- All Segments: Rock Vanes
- All Segments: Rock Outlet Protection
- Preliminary Cost Estimate (Low \$895,000; High \$1,515,000)
 - There are grants available

Mayor Schielke would like to see that this would be continuously maintained to remove or remediate the poison ivy issue. Pande stated that it would be three years of maintenance and after that it would be up to the community to maintain. Atac asked about the life expectancy of the landscaping. Pande stated that if you have success with the landscaping the deep-rooted system would hold the bank in perpetuity. The rocks along the shoreline, if placed properly, should remain in place in perpetuity. A retaining wall needs to be maintained but could remain permanently for up to fifty years. McGrath stated that we should prioritize the main areas of erosion. We also need to consider access, which is a whole different specialty. Temporary measures were discussed to protect the utilities in segment 3. Pande stated that you could stabilize the toe with rock and would recommend removing the buckthorn and honeysuckle that is there and removing any trees that are adding biomass and additional weight onto that area. You could open it up a little bit to get sunlight and establish vegetation there. Gabions, baskets with rocks, are another option but not an ideal solution.

Botterman asked about maintaining the native vegetation and covering future maintenance costs. Pande stated that low profile grass could be proposed and areas where wildflowers are incorporated. Maintenance people could use a broad leaf herbicide to get rid of thistle, poison ivy and other things of that nature. Hohmann suggested beginning to start the budgeting process for this. He was wondering if there are any other funding sources we could utilize. Wolff agreed, and stated that the funding mechanism needs to be discussed. Brown commented that TIF funds should be able to be used towards this. Atac stated that our river is our number one asset.

Bari stated that it makes sense to prioritize the segments that have utility issues. That would be the approach he would take. Bari stated that a final plan and financials would be developed. The next steps are to move ahead with the design. McGrath stated that staff would meet with the Park District (PD) and then the COW would meet with the PD. The COW and PD have a meeting

being planned for the month of July. Then a design would be created and staff would look at this prioritization and consider viable options. McGrath will be working on setting a meeting date with the Park District.

Brown noted that O'Brien wanted him to express his thoughts on this. O'Brien stated that this is a long-term investment and he would not like to go for the cheapest option. He would like to see a plan to do this and to do it right. Wolff stated that we should have a holistic view of this project, including what the PD envisions, before we spend our money designing plans. Wolff asked staff to create a priority list. He asked them if there is any possibility for grants to look into if there is a watershed plan for this section of the Fox River.

McGrath suggested having the COW meet with the PD and then decide on the river plan and partnerships. During that time, staff would look into the prioritizations. Brown suggested that Bari and Engineering Resources could discuss how to protect our utilities in that area without costing us a lot of money because we might want to do something different in the future but in the meantime we need to protect the utility.

12. Project Status

McGrath stated that there is activity on downtown developments and information would go out in writing this week.

13. Other

Mayor Schielke asked the press to stay until after closed session for a press release.

14. Closed Session:

- a. Acquisition of Property**
- b. Personnel**

Motion: To enter into closed session for acquisition of property and personnel

Maker: Callahan

Second: Botterman

Voice Vote: 10 Ayes, 0 Nays, 4 Absent
Motion carried.

Closed session began at 9:30pm and ended at 9:54pm. The COW returned to open session. Roll call was made. There were no changes to the attendance.

Press Release Statement

Mayor Schielke announced the hiring of the new City Administrator. At the next City Council meeting on July 5th, he is honored and excited to submit to City Council Laura Newman as the new City Administrator for the City of Batavia. We anticipate she will report to work the very next day on July 6th. She will have transition time with Bill McGrath before his retirement on August 4th. Laura Newman is a resident of Batavia and the final choice out of forty-six candidates.

15. Adjournment

Committee of the Whole
June 28, 2016
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There being no other business to discuss, Brown asked for a motion to adjourn the meeting at 9:58pm; Made by Callahan; Seconded by Cerone. Motion carried.

Minutes respectfully submitted by Jennifer Austin-Smith

MINUTES
August 2, 2016
Committee of the Whole
City of Batavia

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Chair Brown called the meeting to order at 7:30pm.

1. Roll Call

Members Present: Chair Brown; Ald. Atac, Stark, Chanzit, Wolff, Fischer, O'Brien, Callahan, Mueller, Botterman, Cerone and McFadden

Members Absent: Ald. Russotto, Hohmann

Also Present: Laura Newman, City Administrator; Wendy Bednarek, Human Resources Director; Howard Chason, Information Systems Director; Peggy Colby, Finance Director; Chris Aiston, Economic Development Consultant; and Jennifer Austin-Smith, Recording Secretary

2. Approve Minutes for July 19, 2016

Motion: To approve the minutes for July 19, 2016

Maker: Wolff

Second: Stark

Voice Vote: 12 Ayes, 0 Nays, 2 Absent
Motion carried.

3. Items to be Removed/Added/Changed

There were no items to be removed, added or changed.

4. Matters From the Public (For items NOT on the agenda)

Margie Bringardner shared that the storms were life altering and they were just getting on their feet when the 7-29 storm struck their house again. The devastating events robbed them of physical possessions and they have also lost emotional strength. The floodings were costly events. They were offered no tax breaks and no financial relief from the City. The City now knows of the events that we face and inaction is unacceptable. Brown stated that she does not need to state her address but if she could state where they are located it would be helpful. She answered that they live on Chillem Drive. She explained that storm water came in from everywhere. Once the street backs up the water goes up their front year and then keeps coming in their house.

Brown stated that we have to do something. Brown continued that it is a matter of funding but these storms seem to reoccur more and more. These last two years he has heard more complaints about flooding. Bringardner stated that it is a big concern and they lost their washer, dryer,

furnace and water heater. They had to do all the contractor research on their own and the City offered no suggestions for contractors. Brown stated that we should make the effort to look at their neighborhood to see what could be done. He asked if it was sewage or stormwater she was experiencing. Brengarner stated that the water is coming up from the sewers on the street. It was stormwater. Brown suggested that the City take out a bond and pay it over the course of so many years. He informed her that she has not been the first to come to us. These are our residents and this is our City. All the City could help pay for infrastructure repairs through the bond. He suggested that we discuss this in the future. Stark commented that a stormwater utility has been voted down. O'Brien stated that he was in support of that utility and it should be something that helps us bring our utilities up-to-date and also keep track of where our money goes. Chanzit stated that it makes sense to ask staff to see about accelerated funding on this list. Atac supported the request. The Committee asked the City Administrator to meet with staff to come up with a plan and a timeline on what we can do to alleviate the problems. Brown stated we have to start somewhere and this needs to be expedited. O'Brien agreed. Brown suggested that staff review this neighborhood to see if anything could be done, such as clearing areas that have sheds in stormwater runoff areas.

5. Consent Agenda

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- a) **Resolution 16-58-R: Authorization to Purchase Network Switches from Presidio Networked Solutions, Inc for an amount not-to-exceed \$34,000 (Howard Chason 7/27/16)**
- b) **Ordinance 16-47: Surplus Property and Authorizing Sale Thereof (Howard Chason 7/27/16)**

Motion: To recommend to City Council approval of the Consent Agenda as presented
Maker: O'Brien
Second: Stark
Voice Vote: 12 Ayes, 0 Nays, 2 Absent
Motion carried.

6. Discussion: Health Insurance Changes to Insurance Risk Pool – IPBC (Wendy Bednarek 8/2/16)

Wendy Bednarek, presented a PowerPoint presentation and discussed the following:

- 2016 Strategic Goal for service delivery and financial sustainability
- Actions to reduce health insurance costs three prong approach (Plan Design, Broker/Insurance Carrier, dependent eligibility verification = Goal)
- What is IPBC?
- Unique pooling of risk

- IPBC Average PPO Rate History
- 5 Year History: NIHII & Batavia
- IPBC Average PPO Rate History
- Potential Benefits vs. Potential Risks
- Final Recommendation of membership to IPBC with the effective of 1/1/17

Fischer asked if this is something that we would take a look at every two years to see where we are with claims and insurance. Bednarek stated absolutely, we should always take a look at the trend data and consider the long-term. She explained that IPBC is a long-term financial tool. One of the things that they do have is reserves. All the dividends come back into that. We could always take money out of the reserves if needed. The Committee discussed the cost, claim years, and the comparison of payments on IPBC and the City's current insurance.

Greg Gallagher, IPBC, shared that on January 1st they will be at 111 members. He stated that employees would have no loss or no gain but a bigger list on the doctor's side. His presentation included the following information:

- List of the members.
- IPBC sub-pools members
- The history of IPBC
- PBC Average PPO Rate History
- Individual Member Five-Year History Chart
- Stop loss and increased risk to the City
- Banded Layer (subpools)
- Differentiators

Gallagher stated that they take the City out of the risk business. He stated that the last group to leave IPBC was the Village of Cary. They left in 2011 and returned in 2015. The cost share is completely transparent and out of the risk business, that is why no one leaves. He stated that the City would have the purchasing power of 15,000 employees, almost 40,000 different people. They are a dedicated municipal service team. They are budgetable, predictable, stable, flexible and fully transparent.

Chanzit asked for some scenarios in which this would be a bad deal for the City of Batavia because it sounds too good to be true. Gallagher stated that as long as we continue to grow 5-10% a year, we create leverage in the market place where Blue Cross does not increase our administration rates. The numbers in the middle column do not lie (IPBC Average PPO Rate History). A scenario in which this would be a bad deal for Batavia would be numerous catastrophic claims. He added that they have never kicked anyone out of the pool. On the other side, if you have bad claims now you will more than likely be heading to some really good years. Atac asked if a regional disaster could affect the pool. Gallagher stated that they have one hundred and five million sitting in reserve accounts so they are in good shape to handle that. Also, the members are spread out all over state. Brown asked about the commitment. Gallagher stated that it is a one year commitment at a time. Reserve funds and dividends earned would be returned to take with the City. Brown asked if the staff does not like the program what would

happen. Bednarek stated that staff would have a discussion on that matter and bring it back to the Committee for discussion.

Brown stated that he thinks that we should proceed cautiously and there is an exit and a potential for huge savings so we should proceed. The consensus of the Committee was in agreement with Brown. Bednarek stated that there is a resolution that would need to be adopted and that would be sent out to the Committee.

7. Project Status

Chris Aiston stated that there is concern that the Shodeen project may not park itself and not leave enough parking on the site for the surrounding demand that is there already. That being said, they went back to the drawing board and added more parking spaces and the potential for additional residential units. Aiston presented a PowerPoint presentation and discussed the proposed mixed-use multi-story building garage plan. They plan on adding 14+/- parking spaces in the two donut holes that would otherwise be land on the two levels of the parking deck making a total of 56 new spaces to the parking deck. He showed the Committee the revised 4th floor residential unit plan, which is to add 15 additional units onto the project. The additional units would be added to supplement the cost of the additional parking. The additional units would not cover the entire cost of the additional parking. The Original with Revised Development Plan Comparison Grid was displayed and discussed. O'Brien asked for Aiston to distribute the grid to the Committee members.

*Chanzit exited the meeting at 9:00pm.

O'Brien stated that parking is important but he does not want to build the additional spaces and not need them. Aiston stated that if you need them, you couldn't build them after the fact. Wolff stated that this is an opportunity for this project as well as other properties in the area that may need more parking in the future. Wolff explained that this is an opportunity to add more parking within the envelope that has been designed. He stated that we have to do this and if we don't we will regret it. Brown agreed. He added that opening up the space makes it safer for everyone to park versus looking around the corners and having one's view obstructed. O'Brien stated that he does feel that there is going to always be a need for parking and as we continue to develop, parking will be at a premium.

Newman stated that there was anxiety over how many children would be added to our school system as part of this development. Newman stated that it was covered in the redevelopment agreement. Should we be charged by the School District for any additional children then the amount the City would be charged would be added on top of the debt service. The SSA would cover the debt service and what we would be charged for additional children.

Atac discussed the green roof and the size. Patzelt stated that structurally they have to make sure they keep track of the weight placed on top of the green roof. Shrubs and potted plants or flowers would be appropriate. Trees would not be able to grow there.

Mark Hogan, Owner of Wilson Street Tavern, disagrees with the number of parking stalls. Formulas were given to him by a friend who is a local developer and another who develops CVS

stores in the Chicago area. He has sources from the Journal of American Planning Association. None of the figures support what we have there. There are 160 stalls there now and they will be all gone. The simple formula shows that we would need 406 stalls. These numbers are very under-parked. Lombard requires 1.5 parking stalls for one and two bedrooms. The 1.2 is very under-parked. The developer's job is to build as few parking spaces as he can. Hogan stated that we have a parking problem in downtown Batavia and everything that we have will be taken away and we are not replacing it. Brown stated that we would be trying to obtain other properties to provide additional parking. Hogan stated that where is the parking that is going away, Wilson Street, State Street and the church. Aiston stated that the Wilson street parking would not be taken away. Hogan stated that he may be off by ten parking stalls but this project still does not provide enough parking. He would like to have someone that does not have money invested into this project to tell him the parking that is needed. Brown stated that there is going to be a parking study. Hogan stated that everyone in that whole area uses the deck and that is gone for us. He thanked the Committee for their time. He loves this project but he feels that we need to address the parking.

Callahan shared that he has seen a sleepy fishing village in Pampano Beach, Florida develop over the past five to six years due to investing in streetscapes, TIFs and businesses. Developments have been drawing people there. He has seen the doubts go away because all of the concerns were prefaced on if this city is going to be able to support it. He believes that if this project is going to happen, we have to either buy into that belief that our city will be a draw for people to live here and shop here. We have to be comfortable with the trend that we see where our town is going.

Brown stated that he would support the additional units with the additional parking. He thinks it would be a success and the developer thinks so otherwise they would not be doing it. The consensus of the Committee was in favor of Brown's support. Aiston reported that this will go through the Plan Commission process and we will by then have a parking study.

8. Other

There were no others.

9. Adjournment

There being no other business to discuss, Brown asked for a motion to adjourn the meeting at 9:42pm; Made by O'Brien; Seconded by Stark. Motion carried.

Minutes respectfully submitted by Jennifer Austin-Smith

CITY OF BATAVIA

DATE: August 11, 2016
TO: Committee of the Whole - Public Utilities
FROM: Gary Holm
SUBJECT: Resolution 16-72-R Approving Task Order #9 with Trotter and Associates, Inc.

The City of Batavia has a Master Services Agreement (MSA) in place with Trotter and Associates, Inc. The City has executed several Task Orders with Trotter under the MSA for various projects. Attached is Task Order #9. Task Order #9 contemplates a change to the language of the Master Services Agreement. Task Order #9 is for no cost.

The language change is mandated by the IEPA in conjunction with the low interest loan they will provide to us. The language modifications have been reviewed and approved by our City Attorney.

Staff is recommending Resolution 16-72-R approving Task Order #9 with Trotter and Associates, Inc.

**CITY OF BATAVIA, ILLINOIS
RESOLUTION 16-72-R**

APPROVING TASK ORDER #9 WITH TROTTER AND ASSOCIATES, INC.

WHEREAS, the City of Batavia has previously entered into a Master Services Agreement (MSA) with Trotter and Associates, Inc.; and

WHEREAS, the City of Batavia has previously executed several task orders for various engineering projects; and

WHEREAS, the City of Batavia is currently planning for improvements to its wastewater treatment facility and will seek low interest loan funding from the Illinois Environmental Protection Agency (IEPA) for the improvements; and

WHEREAS, the IEPA requires that consultant agreements contain certain specific language;

WHEREAS, Task Order #9 contemplates to add the required IEPA language to the MSA document; and

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and City Council of the City of Batavia, Kane and DuPage Counties, Illinois, as follows:

SECTION 1: That the Mayor and City Clerk are hereby authorized to execute Task Order #9 with Trotter and Associates, Inc. included herein as Exhibit B

PRESENTED to and **PASSED** by the City Council of the City of Batavia, Illinois, this 6th day of September, 2016.

CITY OF BATAVIA, ILLINOIS RESOLUTION 16-72-R

APPROVED by me as Mayor of said City of Batavia, Illinois, this 6th day of September, 2016.

Jeffery D. Schielke, Mayor

Ward	Aldermen	Ayes	Nays	Absent	Abstain	Aldermen	Ayes	Nays	Absent	Abstain
1	O'Brien					Fisher				
2	Callahan					Wolff				
3	Hohmann					Chanzit				
4	Mueller					Stark				
5	Botterman					Theelin Atac				
6	Cerone					Russotto				
7	McFadden					Brown				
Mayor Schielke										
VOTE:		Ayes	Nays	Absent	Abstentions					
Total holding office: Mayor and 14 aldermen										

ATTEST:

City Clerk

EXHIBIT "B"

TASK ORDER NO. 9

REGARDING GENERAL AGREEMENT BETWEEN CITY OF BATAVIA

AND

TROTTER AND ASSOCIATES, INC.

Project Background:

In July 2012, the City of Batavia (CITY) elected to move forward with Design and Permitting of the proposed wastewater treatment facility improvements. The following Task Orders for Trotter and Associates, Inc. (CONSULTANT) have been executed:

Task Order #1: Evaluation of the existing wastewater treatment facility's capacity and rehabilitation needs (Section 5 of the Facility Plan). The findings of this analysis were presented to the CITY in October 2012.

Task Order #2: Evaluations of alternatives and recommendations to address rehabilitation, regulatory and expansion needs to meet the CITY's long term needs (Section 6 of the Facility Plan). Recommendations of Task Order #2 were presented to the CITY in February of 2013.

Task Order #3: Design to address immediate rehabilitation needs identified in Task Order #1.

Task Order #4: Construction phase services for the 2013 Rehabilitation project.

Task Order #5: NPDES permitting and a conceptual design for off-site roadway improvements required for execution of Option 2A. This Option required purchase of additional property to facilitate the three-phased rehabilitation and expansion of the wastewater treatment facility, and was selected by the CITY in July of 2013.

Task Order #6: Preliminary (25%) design for the Phase I Rehabilitation project, excluding property acquisition and design of off-site improvements. The CONSULTANT was requested to support the CITY's due diligence during its investigation of the adjacent property and did so through available budget under Task Order #6.

Task Order #7: Accounted for sub-surface investigations and modifying the preliminary design including site layout, hydraulics, and sludge dewatering and thickening facilities to change from Option 2A to Option 1 (on-site).

Task Order #8: Phosphorus Removal Feasibility Study, as well as Design Development (60%) and Final Design (95%) of the Phase I Rehabilitation project.

Task Order #9 is intended as a zero-dollar modification to the Master Agreement to incorporate language required by the IEPA in relation to the State Revolving Fund (SRF) Loan Program. The language is as follows:

The CONSULTANT hereby agrees to incorporate and accept the following provisions to be included in the aforementioned Agreement at no additional compensation:

- A. The CONSULTANT agrees to take affirmative steps to assure that disadvantaged business enterprises are utilized when possible as sources of supplies, equipment, construction and services in accordance with the Clean Water Loan Program rules as required by the award conditions of USEPA's Assistance Agreement with the IEPA. The CONSULTANT acknowledges that the fair share percentages are 5% for MBE's and 12% for WBE's.



B. The CONSULTANT shall not discriminate on the basis of race, color, national origin or sex in the performance of this contract. The CONSULTANT shall carry out applicable requirements of 40 CFR Part 33 in the award and administration of contracts awarded under EPA financial assistance agreements. Failure by the contractor to carry out these requirements is a material breach of this contract which may result in the termination of this contract or other legally available remedies.

C. Audit and access to records clause:

1. Books, records, documents and other evidence directly pertinent to performance of PWSLP loan work under this agreement shall be maintained by the CONSULTANT consistent with generally accepted accounting standards in accordance with the American Institute of Certified Public Accountants Professional Standards. The Agency or any of its authorized representatives shall have access to the books, records, documents and other evidence for the purpose of inspection, audit and copying. Facilities shall be provided by the CONSULTANT for access and inspection.
2. Audits conducted pursuant to this provision shall be in accordance with generally accepted auditing standards.
3. All information and reports resulting from access to records pursuant to the above section C.1 shall be disclosed to the Agency by the CONSULTANT. The auditing agency shall afford the CONSULTANT an opportunity for an audit exit conference and an opportunity to comment on the pertinent portions of the draft audit report. The final audit report shall include the written comments, if any, or the audited parties.
4. Records under the above section C.1 shall be maintained and made available during performance of project services under this agreement and for 3 years after the final loan closing by the CONSULTANT. In addition, those records that relate to any dispute pursuant to Section 365.650 (Disputes) of Illinois Administrative Code, Title 35, litigation, the settlement of claims arising out of project performance, costs or items to which an audit exception has been taken shall be maintained and made available for 3 years after the resolution of the appeal, litigation, claim or exception by the CONSULTANT.

D. Covenant Against Contingent Fees:

The Engineer warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bonafide employees. For breach or violation of this warranty, the Owner shall have the right to annul this agreement without liability or in its discretion to deduct from the contract price or consideration or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

E. Certification Regarding Debarment, Suspension and Other Responsibility Matters

The CONSULTANT certifies to the best of its knowledge and belief that it and its principals:

1. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;
2. Have not within a three year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or

commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property.

3. Are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (2) of this certification; and
4. Have not within a three year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

The CONSULTANT understands that a false statement on this certification may be grounds for rejection of this proposal or termination of the award. In addition under 18 USC Sec. 1001, a false statement may result in a fine of up to \$10,000 or imprisonment for up to 5 years, or both.

Estimated Fee for Services: Based on Time and Material per the Master Services Agreement

Sub-total \$0

Proposed: _____
Trotter and Associates, Inc.
Robert Scott Trotter, P.E.
President

Date:

Approved: _____
City of Batavia
Mayor Jeffery Schielke

Date:



CITY OF BATAVIA

DATE: August 9, 2016
TO: Committee of the Whole – Public Utilities
FROM: Scott A. Haines, Street Superintendent
SUBJECT: Resolution 16-71-R: Authorization to Purchase a 2016 Ford F250 Truck Chassis from Morrow Brothers Ford for \$26,580.00

Summary

The Street Division is recommending the purchase of a 2016 Ford F250 truck chassis through the State of Illinois Joint Purchasing Program for the Water/Sewer Division.

The Water/Sewer Division truck will replace a transferred 2004 Ford pick-up truck. This truck is primarily used in the daily operation of the division and is also used to plow water utility sites, parking lots, and cul-de-sacs. Through the State of Illinois Joint Purchasing Program, this truck with options will cost \$26,580.00. The division will need a portion of the remaining budget to swap the utility service body and install the new snowplow. In addition to the new truck cost of \$26,580.00, the service body swap and new plow will be about \$11,000.00 for a total cost of under \$38,000.00. The division budgeted \$50,000.00 for the purchase in 2016. The fiberglass service body from the 2004 truck will be cleaned up, repainted, and installed on the new truck. This work will be done by a local vendor, as will the installation of the snow plow.

Staff Recommendation

Staff recommends the purchase of one 2016 Ford F250 truck chassis through the State of Illinois Joint Purchasing Program from Morrow Brothers Ford.

Recommended Committee/Council Action

Recommend the approval of Resolution 16-71-R, authorizing the purchase of one 2016 Ford F250 truck chassis from Morrow Brothers Ford of Greenfield, Illinois, in the amount of \$26,580.00

**CITY OF BATAVIA, ILLINOIS
RESOLUTION 16-71-R**

**AUTHORIZING THE PURCHASE OF
ONE 2016 FORD F250 TRUCK CHASSIS
FROM MORROW BROTHERS FORD OF GREENFIELD, ILLINOIS
FOR AN AMOUNT NOT TO EXCEED \$26,580.00**

WHEREAS, the City of Batavia has determined that it has the need for one replacement truck chassis for the Water/Sewer Division; and

WHEREAS, it is in the best interest of the City of Batavia to purchase the truck chassis through the State of Illinois Joint Purchasing Program; and

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and City Council of the City of Batavia, Kane and DuPage Counties, Illinois, as follows:

SECTION 1. That the Mayor and City Clerk are hereby authorized to purchase one 2016 Ford F250 truck chassis from Morrow Brothers Ford of Greenfield, Illinois, for an amount not to exceed \$26,580.00.

PRESENTED to and **PASSED** by the City Council of the City of Batavia, Illinois, this 6th day of September, 2016.

APPROVED by me as Mayor of said City of Batavia, Illinois, this 6th day of September, 2016.

Jeffery D. Schielke, Mayor

Ward	Aldermen	Ayes	Nays	Absent	Abstain	Aldermen	Ayes	Nays	Absent	Abstain
1	O'Brien					Fischer				
2	Callahan					Wolff				
3	Hohmann					Chanzit				
4	Mueller					Stark				
5	Botterman					Thelin Atac				
6	Cerone					Russotto				
7	McFadden					Brown				
Mayor Schielke										
VOTE:		0 Ayes	0 Nays	0 Absent	Abstentions					
Total holding office: Mayor and 14 aldermen										

ATTEST:

Christine Simkins, City Clerk

August 5, 2016

City of Batavia
Scott A. Haines

We have figured the following F250 4x4 truck for your consideration.

1 New 2016 Ford F250 4x4 Regular Cab 8' Bed

N1 Blue Exterior / Vinyl 40/20/40 Seating

(4) LT 265/70R17E BF Goodrich RTA

E-Locking Rear Axle

Full Length Cab Steps

Power Locks/Windows/Mirrors

Heated Mirror Glass

Remote Keyless Entry

Cruise Control/Tilt Colum

Snow Plow Prep

H.D. 200AMP Alternator

1-Extra Key

4-Splash Guards

Daytime Running Lights

All other standard equipment

New "M" License/Title, Delivery

Total

Illinois Government Price \$26,580.00

OPTION:

Whelen 4-Corner LED Vertex Warning Add \$675.00

Whelen 16" LED Mini Lightbar Add \$495.00

Back Glass/Cab Protector Add \$590.00

Acari No Holes Drilled Mount Add \$280.00

Units are ***in stock** at the time of this quote and are available first come first serve. Additional options can be added as required. Any and all trade in vehicles are welcome regardless of miles or condition. Let me know if you have any questions. Thank you.



Richie Morrow Wellenkamp
Fleet Manager/Vice President
Morrow Brothers Ford, Inc.

CITY OF BATAVIA

TO: City Council

FROM: Randy Deicke, Fire Chief

DATE: August 9, 2016

RE: Fire Station Monument Signs

In February the Fire Department was given permission to apply for a 2016 Grand Victoria Riverboat Grant to replace the monument signs at the fire stations. The signs were originally turned down in the 2016 budget due to financial constraint. The grant would have required a 50% match on the part of the city in the amount of \$19,000, which was approved at the February 15 Council Meeting.

Unfortunately, we were not awarded the grant. However if the city is still willing to commit to the \$19,000, I believe we have found alternative funding sources through donations that will cover the amount we were hoping to get through the grant.

The main reason for replacing the signs is to allow multiple messages to be displayed and to allow a quicker turnover in messages so that current information is displayed. That current information can include emergency information from storms, flooding or other public emergencies. The current signs are at about 20 years old and several of the mechanisms such as the doors are in need of replacement. We believe the upgrade will also enhance the appearance coming into town on two main roadways.

- Pros:
 - Multiple message display
 - More current message display
 - Replacement of older worn signs
 - Enhanced appearance on two City gateways
- Cons
 - \$19,000 match from the City

We are requesting that this be discussed at the August 16 Committee of the Whole Meeting.
Staff recommends approval.

cc: Laura Newman, City Administrator
Christine Simkins, Deputy City Clerk

CITY OF BATAVIA

DATE: August 11, 2016
TO: Committee of the Whole
FROM: Chris Aiston, Economic Development Consultant
SUBJECT: Presenting the Washington-Wilson Tax Increment Financing (TIF) District
Redevelopment Plan and Program

Summary

Attached please find the completed Washington-Wilson Tax Increment Financing District Redevelopment Plan and Program. Pursuant to Chapter 65 The Illinois Compiled Statutes at Section 5/11-74.4-1. This Plan and Program this document is required to be completed and made public for consideration prior to designating the proposed Washington-Wilson TIF District. Among other venues for review, this document will be subject to State consideration through its Department of Commerce, a formal meeting of the TIF Joint Review Board and a Public Hearing before the City Council, the latter two events tentatively scheduled for September 27th and November 11th, respectively.

Background

The Prospects of a Redevelopment Interest. Wanting to step-up developer recruiting efforts for the redevelopment of the City's former First Baptist Church and surrounding properties, in the fall of 2013, the City sent a Request for Qualifications (RFQ) packet to some twenty-five development firms with direct experience and proven success in developing mixed-use, urban infill projects. With the exception of few and limited conversations, there were no substantive responses to the RFQ. In the winter of 2014-2015, however, then-City Administrator Bill McGrath and the City's the economic development consultant personally presented the redevelopment opportunity to David Patzelt, representing local developer Shodeen, Inc., and, although Shodeen had received the original RFQ and did not respond to it, according to Mr. Patzelt, the company was reconsidering its position. Discussions between staff and Mr. Patzelt ramped-up quickly and by February, 2015, the parties had exchanged terms. These "Terms Sheet" were to serve as the backbone of a possible Redevelopment Agreement (RDA).

Consideration to Establish a New Tax Increment Financing District for the "Washington-Wilson District". As a potential redevelopment project began to take shape, and having presented proposals to purchase and develop the City's properties to the Council in executive session, it became evident to both the developer and city staff that a TIF subsidy was going to be required to make the project economically viable, particularly as the city from the beginning indicated its firm position that the project must include considerable public parking as a key land use component. The subject parcels (the redevelopment site is comprised of eight parcels, six of which are owned by the City and two others are currently under private ownership) are currently located within one of two existing TIF Districts, TIF 1 and TIF 3. TIF 1 is due to expire in 2023 and TIF 3 is to expire in 2038. In considering what would likely be the necessary amount of TIF subsidy to make the project economically viable (the developer to realize an appropriate return on its investment within the context of the existing commercial/residential real estate market) and recognizing that the timeS remaining on TIFs 1 and 3 were insufficient to accumulate the required property tax increment to fully reimburse the developer and/or the City for its investment with respect to TIF cost-eligible expenses, both staff and the developer understood that in order for the redevelopment to proceed as planned, the redevelopment site would need to be part of a new TIF District altogether.

Completing a TIF Eligibility Report, Adopting a Resolution of Intent and Proceeding Further with Exploring West Town TIF Designation. In July, the City Council took the following actions:

- a. Approved a report (“Eligibility Study”) finding that the proposed Washington-Wilson District redevelopment project area met certain criteria making it eligible for designation as a conservation TIF district;
- b. Adopted a formal resolution, declaring its intent to utilize TIF authority to help finance certain redevelopment activities presented in a future Redevelopment Plan and Project/Program document;
- c. Directed staff to notify all affected taxing districts of the above Washington-Wilson TIF initiatives; and
- d. Directed staff to proceed with completing a Redevelopment Plan and Program for the proposed Washington-Wilson District redevelopment project area, as required under the State TIF Act.

Draft Redevelopment Plan and Program. As stated in the “Summary” paragraph above, the Draft Washington-Wilson District Redevelopment Plan and Program document has been completed, it is attached and will be presented to the COW during its August 16th regularly scheduled meeting. A brief synopsis of the report results is as follows:

- a. Restating Eligibility of Proposed District – Section I.C. affirms Eligibility Study findings indicating that the subject area meets statutory requirements for designation as a conservation tax increment financing district. The Eligibility study itself has been incorporated into the Plan document as an Appendix.
- b. Redevelopment Plan and Program – Section IV sets forth a comprehensive program, including specific objectives and a general land use plan, for the development or redevelopment of the project area with the intent of reducing or eliminating blighting conditions and enhancing the area’s tax base.
- c. Findings of Need for Tax Increment Financing – Section V. asserts the following: “On the basis of the Washington-Wilson District TIF Eligibility Study and this Redevelopment Plan and Program, the City Council of the City of Batavia, Illinois, can adopt the following findings pursuant to section 11-74.4-3(n) of the Act [to wit:]
The Redevelopment Project Area is not subject to growth; and
The Redevelopment Plan and Program conforms to the City’s Comprehensive Plan”.
- d. Financial Impact of Redevelopment – Section VI. makes the argument that:
 - i. In the absence of City-sponsored redevelopment, it can be reasonably surmised that the factors qualifying this area as a conservation area will continue to exist and to spread, and that the redevelopment project area along with adjacent properties will become less attractive for maintaining and improving existing buildings and sites. Erosion of the assessed valuation of property in and outside of the redevelopment project area has already occurred, and could lead to further reductions of real estate tax revenue to all taxing districts.
 - ii. The implementation of the Redevelopment Plan and Program is expected to have significant short and long-term positive financial impacts on all taxing districts affected by the Plan. In the short term, the City’s use of tax increment financing can be

expected to arrest the ongoing decline of existing assessed values in the redevelopment project area, thereby stabilizing the existing tax base for local taxing agencies. In the long term, after the completion of all redevelopment improvements and activities, redevelopment projects, and the payment of all redevelopment project costs and municipal obligations, all taxing districts will benefit from the enhanced tax base which results from the increase in equalized assessed valuation caused by the implementation of this instant Redevelopment Plan and Program.

- iii. The section further speaks to the projected financial impact to all eight local taxing districts that would be affected in designating the proposed new TIF District.

Alternatives:

- a. COW may take the draft Redevelopment Plan and Program under advisement and do nothing further at this time.
- b. COW may consider the merits of and direction set forth in the draft Redevelopment Plan and Program and proceed further in accordance with state statute, adopting ordinances establishing:
 - i. The date/time/place for a public hearing, including the intention to convene a Joint Review Board to consider TIF designation prior to said Hearing; and
 - ii. An Interested Party Registry

Pros: Proceeding further with the Washington-Wilson TIF district designation process by adopting the aforesaid ordinances will enable the City to fully vet the proposed TIF district designation initiative, allowing for extensive input from all affected taxing bodies, property owners within and outside of the project area and the public generally.

Continue the momentum that this initiative has gained over the past several months, stimulating current and future, near-term redevelopment interests.

City will utilize the instant Redevelopment Plan and Program, including the Eligibility Study, while it is current (and completed within budget). Any significant delay may cause the information, findings and proposed program objectives to become out of date and future TIF designation may not be possible without having to start the process over from the beginning.

Cons: There will be some additional staff resources and funds required to complete the TIF designation process (e.g., city staff time, city attorney time, public notice costs). These costs would be avoided (at least at present) if the COW were to decide not to move ahead with the designation process as outlined above.

Budget Impact

There are existing funds in the City Economic Development, Administration and/or TIF budgets to meet anticipated costs in moving forward with the Washington-Wilson District TIF designation process pursuant to state statutes.

Staffing Impact

There are available staff resources in the Economic and Community Development Departments, as well as other less-affected departments that may become necessary or tangentially involved (Administration,

Finance, Public Works), to meet the ongoing review, study and shepherding necessary in proceeding with TIF designation.

Timeline for Actions

COW may presently consider and, if it chooses to do so, make a recommendation to full City Council to place the Draft Redevelopment Plan and Program before a Joint Review Board and a Public Hearing, as well as to establish an Interested Party Registry, in the further consideration of Washington-Wilson TIF District designation.

Staff Recommendation

Staff recommends the Committee of the Whole consider and recommend that the Council make available for formal consideration the Draft Redevelopment Plan and Program before a Joint Review Board and formal Public Hearing, in accordance with state statutes, directing staff to prepare the required Ordinance allowing such consideration to take place. Staff further recommends that the COW direct staff to prepare a separate Ordinance establishing an Interested Party Registry for Council consideration.

Attachments:

Draft Redevelopment Plan and Program

CC: Mayor Schielke
Laura Newman
Department Heads
City Attorney

Washington-Wilson Tax Increment Financing District

Redevelopment Plan and Program City of Batavia, Illinois



September 1, 2016
Approved by Batavia City Council
_____, 2017
Ordinance No. 17-XXX

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Section I. INTRODUCTION

A. Project Background

With respect to land use and existing building stock, the redevelopment project area, hereafter referred to as ‘Washington-Wilson District’ or the ‘Project Area’ has generally changed only slightly since the properties within it were first developed in the mid nineteenth century. The area was developed as part of the original commercial settlements of downtown Batavia along or near the Fox River. There are two exceptions to this narrative, one being the City’s parking deck located generally within the Project Area’s northwest corner (constructed in 1993), and on which property was once located a large residential building, and the other being the lone property located south of East Wilson Street – at its southeastern intersection corner with South Washington Avenue – which at one time housed an “undertaker” business but since circa 1940 has been an automobile fuel and service enterprise.

According to early Sanborn Insurance mapping (1885 – 1928), a number of individual residences had been established within the Project Area, mostly fronting South Street (renamed State Street, circa 1910) and North Washington Avenue. However, the majority of the buildings were non-residential, fronting either East Wilson St. or River Street and primarily consisting of the varied enterprises one would expect to find in a downtown moving forward into the twentieth century, including retail (e.g., agricultural implements, twine, furniture, clothing and dry goods, boots and shoes, groceries, meats, bicycles and cigars) service (cobbler, tailor, blacksmith, furniture and upholstery repair, restaurant and banquet, as well as a number of saloons), light assembly/sales (millinery, gloves) and places of worship (the First Baptist Church, constructed at the Northwest corner of E. Wilson St. and N. Washington Ave. in 1888).

In the 2007 City of Batavia’s Comprehensive Plan, as amended in 2014, a number of specific issues identified in the Plan relate to the future use of land in the City, and specifically within the City’s historic downtown district. Four specific issues are listed below and are particularly pertinent when considering the applicability of Tax Increment Financing as a tool to stimulate positive change in the Project Area:

1. “The [need for] continued redevelopment of the downtown as a mixed-use area, with added residential, retail, entertainment and office uses a priority”;
2. “The City has a shortage of higher density residential uses...and downtown living opportunities”;
3. “[There are] limited public parking facilities (‘[especially] centralized public parking facilities’), aging utilities and the complex relationships between adjacent uses often require City government to play a larger role in the ongoing development and redevelopment of downtown”;
4. “The building stock of downtown Batavia, while unique in its character, is in some cases ill suited for contemporary downtown uses. Many buildings were designed for industrial purposes and many others do not meet current code requirements...All these sites have potential for development in the downtown”.

The City’s Comprehensive Plan provides specific goals and policies to address the issues above, to include but not necessarily limited to:

1. “Use redevelopment tools, including tax increment financing, to encourage and shape downtown development;”
2. “Require development projects to take advantage of views and access to the Fox River;”

3. "Protect key retail properties from conversion to non-retail uses while allowing multi-tenant properties to house a healthy mix of uses;"
4. "Raise the quality of new development through zoning, subdivision, design review and other tools;" and
5. "Locate higher density residential uses convenient to transit corridors and employment centers."

Further, the Plan makes clear that successful economic development and redevelopment results from creating high quality land development and utility infrastructure, serving to both accommodate the needs of existing business enterprises, as well as make Batavia an attractive place for additional private investment. These two general goals complement the Plan's additional goal to encourage the City to "[form] effective partnerships with the private sector to stimulate redevelopment."

Over the past decade, the Washington-Wilson District has experienced economic decline, evidenced by excessive vacancies, building and surface deterioration, and other factors that are evidence of limited investment, and which further stymie interest in new investment in this area. The City believes that the adoption of this Tax Increment Financing (TIF) plan is a necessary financial tool to help facilitate redevelopment and/or rehabilitation efforts and foster development consistent with its plans and goals for the Washington-Wilson District.

This report sets forth a Tax Increment Redevelopment Plan and Program (the "Redevelopment Plan") for the **City of Batavia Washington-Wilson District TIF Redevelopment Project Area** ("the Redevelopment Project Area"). The proposed Redevelopment Plan seeks to respond to observed problems and needs within the redevelopment project area that have contributed to the inability of the Washington-Wilson District to achieve the goals established by the City in its recent plans. This Redevelopment Plan is also indicative of a strong commitment and desire on the part of the City to maintain and revitalize the redevelopment project area as an essential part of Batavia's economic development program, and of Plan's underlying efforts to enhance the City's tax base.

The goal of the Redevelopment Plan is to strengthen the residential, retail, office and public parking components of the redevelopment project area through both wholesale changes in land use and in increased land values, as well as, where possible and desirable, the improvement of existing deteriorating and/or obsolete buildings, or vacant land for new uses. This Plan is intended to provide a framework for improvements within the Redevelopment project area over the 23-year term of the TIF, including the establishment of redevelopment goals, recommended land uses, estimated revenues, and estimated project costs.

The Eligibility Findings report (Appendix A) establishes that the Washington-Wilson District Redevelopment Project area Qualifies for TIF as a "**conservation area.**" The determination of eligibility of the Washington-Wilson District TIF Redevelopment Project Area is based on data gathered through field observation by CC Aiston Consulting, Ltd, and City of Batavia's Community Development and Public Works Staff, and through document and archival research.

B. Tax Increment Financing

Tax increment financing is permitted in Illinois under the "Tax Increment Allocation Redevelopment Act" (Chapter 65 ILCS 5/11-74.4-1, et seq.) of the Illinois Statutes, as amended (hereinafter the "Act"). Only areas which meet certain specifications outlined in the Act are eligible to use this financing mechanism. This document has been prepared in accordance with the provisions of the Act in effect after the effective date of Public Act No. 91-478, known as the TIF Reform Law. It shall serve as a guide to all proposed public and private actions in the redevelopment project area. Besides describing the redevelopment objectives, this

Redevelopment Area Plan and Program generally sets forth an overall program to achieve these objectives.

The Act stipulates specific procedures which must be adhered to in designating a Redevelopment project area. By definition, a “Redevelopment Project Area” is:

“ .. an area designated by the municipality, which is not less in the aggregate than 1½ acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as an industrial park conservation area, or a blighted area or a conservation area, or a combination of both blighted areas and conservation areas (Section 11-74.4-3).”

Section 11-74.4-3 defines a conservation area as:

“... any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality in which 50% or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area but because of a combination of 3 or more of the following factors is detrimental to the public safety, health, morals or welfare and such an area may become a blighted area...”

The factors named by the statute with regard to conservation areas are as follows: dilapidation, obsolescence, deterioration, presence of structures below minimum code standards, illegal use of individual structures, excessive vacancies, lack of ventilation, light, or sanitary facilities, inadequate utilities, excessive land coverage and overcrowding of structures and community facilities, deleterious land use or layout, lack of community planning, environmental clean-up, and decline of equalized assessed value (EAV).

The Act permits municipalities to improve eligible “conservation” or “blighted” areas in accordance with an adopted redevelopment plan over a period not to exceed 23 years. The municipal cost of certain public improvements and programs can be repaid with the revenues generated by incremental increases in property tax revenues resulting from increased assessed values of private real estate within a designated project area. The key to this financing tool is that funding does not rely on the taxing power of the municipality alone. The property taxing power of all taxing districts with jurisdiction over the land within the project area can be employed to retire the necessary financial obligations. This taxing power is only applied to the increase in equalized assessed valuation generated within the designated project area during the limited term of the Redevelopment Plan and Program, principally increased equalized assessed valuation from new private development.

C. Eligibility of the Proposed TIF District

During the period between April 1st and June 30th, 2016, a study was undertaken by CC Aiston, Ltd, consistent with the requirements of the Act and related procedural guidelines, to determine the eligibility of the proposed Project Area. The results of the study indicate that the Project Area meets the Act’s requirements for a "conservation area," and is eligible to be designated by the City of Batavia as a “Tax Increment Financing Redevelopment Project Area." The detailed findings of this study are described in Appendix “A” of this report.

The Project Area qualifies as a “conservation area” under the Act because at least 50% of the structures within it are at least 35 years old, and because of the presence of at least three (3) additional qualifying conditions. Within the Project Area, the following five (5) additional qualifying conditions are present:

- 1. Deterioration;**
- 2. Presence of Structures that are Below Minimum Code Standards;**
- 3. Excessive Vacancies;**

- 4. Lack of Community Planning; and**
- 5. Decline in Equalized Assessed Valuation.**

Each of these factors, to a meaningful extent, contributes to the eligibility of the Project Area as a “Conservation Area,” as each factor is reasonably distributed throughout the Project Area.

Section II.

REDEVELOPMENT PROJECT AREA DESCRIPTION

The Project Area is an area of approximately 220,500 square feet (4.65 acres) and is generally located between River Street and North Washington Avenue, and between State and East Wilson Streets, although there is a single parcel within the subject Project Area that is located along the south side of East Wilson Street, specifically at the southeast corner of E. Wilson and South Washington Ave.

All told, the Project Area contains 9 individual land parcels and the public rights-of-way within State, North River, and East Wilson Streets and North and South Washington Avenues. For the purposes of this study, when the term “parcel” is used, we refer to an individual tract of land with its own separate “Parcel Identification Number” (or PIN), as ascribed by the Kane County Supervisor of Assessments. A parcel may or may not be identical to an individual private property, under a single ownership entity. Often two or more contiguous parcels are combined to make up one private property owner’s real estate holding, or lot. Consequently, in searching property records, one may find that a building, together with a nearby accessory building, driveway or parking lot, may be under the same ownership, have a single street address and be located on a single parcel. On the other hand, these conditions may alternatively exist on or across two or more separate parcels, each with its own PIN. Property conditions described herein will be attributed to parcels, buildings and/or structures wherever the need for specific clarity is warranted.

Of the nine total parcels within the Project Area, there are six containing buildings/structures where a principal zoning activity has been established. Four of these parcels are commercial in principal use; two of which contain a single building, one occupied by a dental practice (113 E. Wilson) and the other by an insurance agency (121 E. Wilson), with the remaining other two commercial parcels each containing a single, vacant building (111 and 206 E. Wilson).

Another parcel within the Project Area was long-used for religious/institutional purposes (former First Baptist Church and allied spaces) but, except for storage, is otherwise currently unoccupied. Finally, a city-owned parcel at the northwest corner of the Project Area contains a split-level parking structure. Figure 1 illustrates the boundaries of the Project Area, and Figure 2 describes existing land uses.

Figure 1: Redevelopment Project Area Boundary and PIN Map

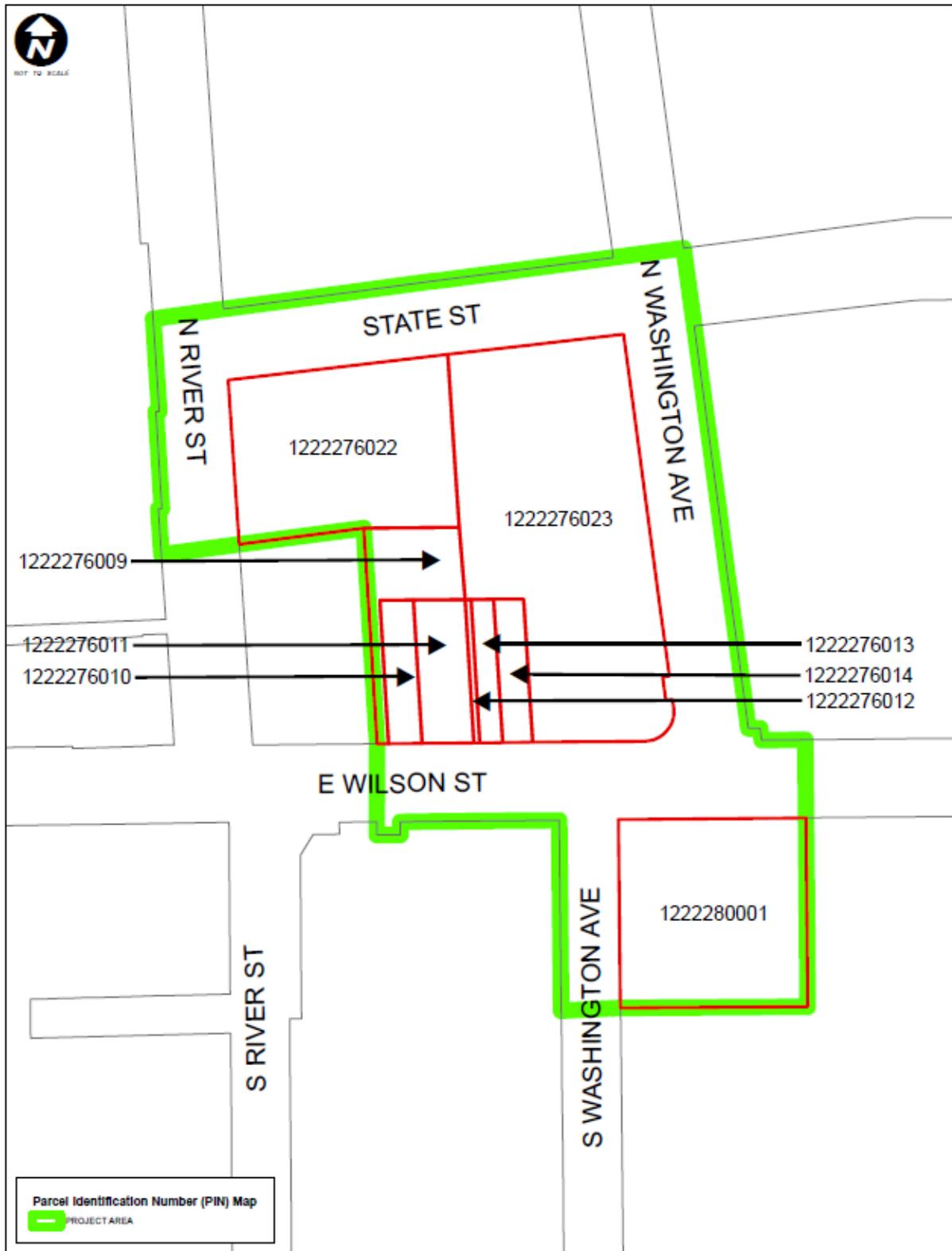
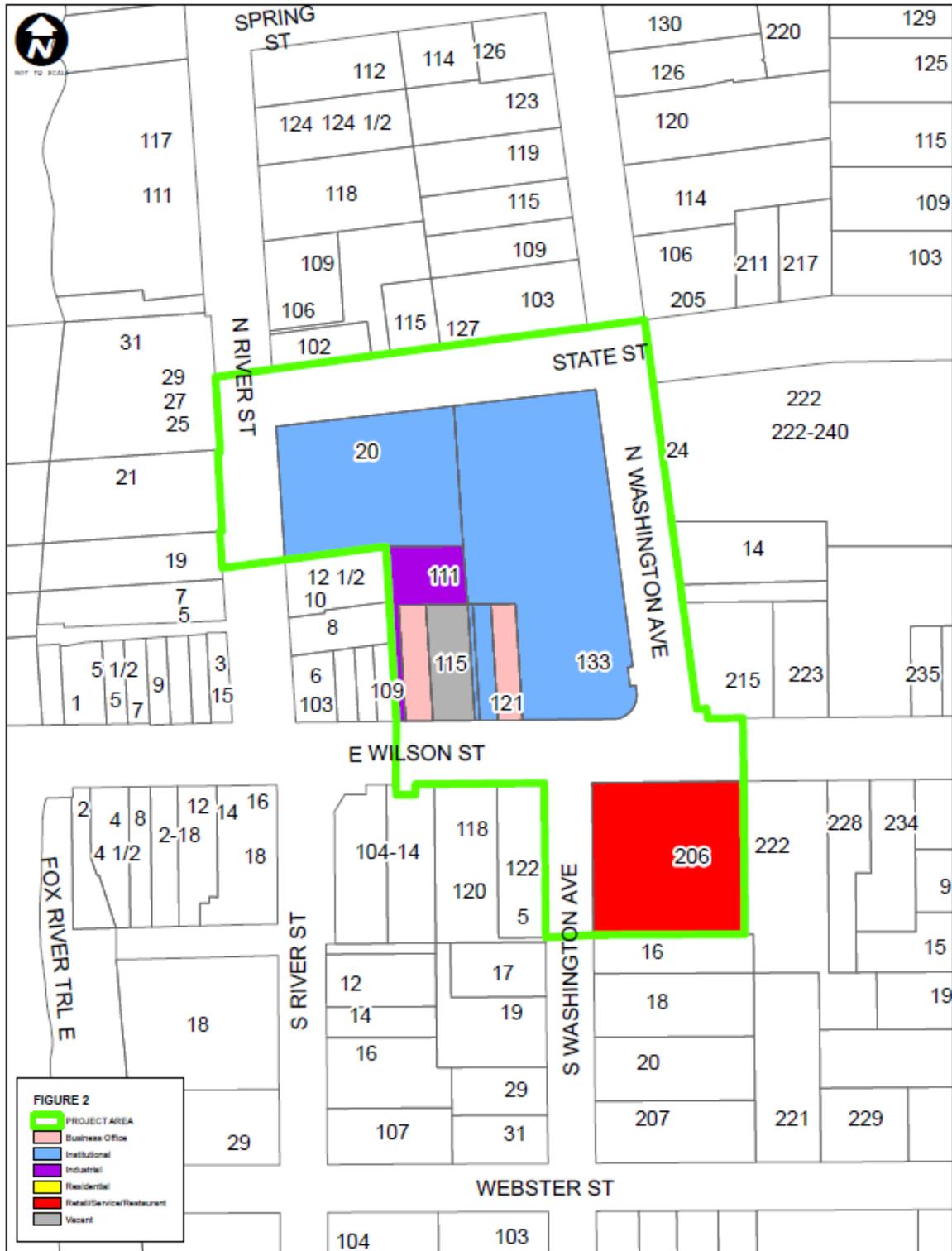


Figure 2: Existing Land Use Map



Section III.

LEGAL DESCRIPTION OF THE TIF DISTRICT

The legal description of the Project Area is as follows:

THAT PART OF SECTION 22, TOWNSHIP 39 NORTH, RANGE 8 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHWEST CORNER OF LOT 2 IN BLOCK 9 OF THE ORIGINAL TOWN OF BATAVIA, KANE COUNTY, ILLINOIS; THENCE SOUTHERLY, ALONG THE EASTERLY LINE OF WASHINGTON AVENUE TO THE NORTHERLY LINE OF WILSON STREET; THENCE EASTERLY, ALONG SAID NORTHERLY LINE, TO A POINT ON THE NORTHERLY EXTENSION OF THE WEST LINE OF THE EAST 10 FEET OF LOT 3 IN BLOCK 1 OF WILSON'S ADDITION TO BATAVIA; THENCE SOUTHERLY, ALONG SAID EXTENSION AND WEST LINE TO THE SOUTH LINE OF THE NORTH 158 FEET OF SAID LOT 3; THENCE WESTERLY, ALONG SAID SOUTH LINE AND ITS WESTERLY EXTENSION TO THE WEST LINE OF WASHINGTON AVENUE; THENCE NORTHERLY, ON SAID WEST LINE TO THE SOUTH LINE OF SAID WILSON STREET; THENCE WESTERLY, ALONG SAID SOUTH LINE TO A POINT THAT IS SOUTHERLY OF THE SOUTHEAST CORNER OF LOT 3 IN BLOCK 7 OF SAID ORIGINAL TOWN OF BATAVIA, SAID POINT BEING ON A LINE DRAWN AT RIGHT ANGLE TO THE NORTHERLY LINE OF SAID WILSON STREET; THENCE NORTHERLY, ON SAID LINE TO SAID SOUTHEAST CORNER; THENCE NORTHERLY, ON THE EAST LINE OF SAID LOT 3 TO THE NORTHEAST CORNER THEREOF; THENCE NORTHERLY, PARALLEL WITH THE EAST LINE OF LOT 2 OF SAID BLOCK 7, A DISTANCE OF 10.0 FEET; THENCE WESTERLY, PARALLEL WITH THE SOUTHERLY LINE OF SAID LOT 2 TO THE WEST LINE THEREOF; THENCE CONTINUING WESTERLY, ON A LINE PERPEDICULAR TO SAID WEST LINE, TO THE WEST LINE OF RIVER STREET; THENCE NORTHERLY, ALONG SAID WEST LINE TO THE NORTH LINE OF STATE STREET EXTENDED WEST; THENCE EASTERLY, ALONG SAID EXTENSION AND SAID NORTH LINE TO THE POINT OF BEGINNING, ALL IN THE CITY OF BATAVIA, KANE COUNTY, ILLINOIS.

CONTAINING 4.65 ACRES, MORE OR LESS.

Section IV.

REDEVELOPMENT PLAN AND PROGRAM

A. Historic and Existing Patterns of Area Development

Historically, the Project Area was platted and first developed in the mid-nineteenth century, with the predominant land use being mixed-use in character and comprised of single family homes, retail, service-oriented commercial and, what would be generally classified as light industrial/assembly uses today. Essentially, the area was typical of a nineteenth century, Midwestern downtown, with the exception of some limited industrial-type uses immediately west of the Project Area along the Fox River. Whether single or two-story, the area buildings enjoyed fairly large, open rear yards. The commercial buildings along East Wilson Street, although generally soldiered along the street frontage, were otherwise fairly sparsely spread across the Project Area.

As reported above in Section I of this report, the First Baptist Church and its accessory buildings (including a parsonage) were constructed late in the nineteenth century. As of the date of this report, much of the original church and two major building additions are still standing at or near the northwest corner of East Wilson and North Washington Avenue. Cater-corner from the church building was once a large, single building, alternately housing residential and commercial uses, and where, since 1940, has stood a masonry automobile fuel and service building but what is now vacant.

One could make an argument for the longer term, economic viability of two properties within the Project Area, to wit: 1. the city-owned parking assets (a two-tiered garage and surface lot), which still serve the parking demand in the immediate area; and, perhaps to a lesser degree, 2. the aforementioned, vacant gas and service station, which, although probably not the highest and best use of the downtown business district parcel on which it stands, conceivably could be re-occupied in similar usage. Besides these two properties, the land and buildings within the Project Area are, at best underutilized and, more to the point are in various degrees of disrepair. Evidence of these conditions is found in Appendix A of this report, "Washington-Wilson Tax Increment Financing Eligibility Findings".

The redevelopment of the Washington-Wilson District, the redevelopment project area, will present both challenges and opportunities to the City of Batavia, necessitating cooperation and financial investment from both the private sector as well as the local government. The adoption of this Redevelopment Area Plan and Program will aid in the implementation of the goals and objectives identified in the City of Batavia's 2007 Comprehensive Plan, as amended. This Plan and Program will assist in stimulating redevelopment and rehabilitation in this area which otherwise could not reasonably be anticipated to develop without the adoption of same. Through public investment in property assembly, infrastructure and beautification improvements, demolition, and environmental clean-up, the redevelopment project area will become a setting that will attract private investment.

The TIF Act describes the Redevelopment Plan as "the comprehensive program of the municipality for development or redevelopment intended by the payment of redevelopment project costs to reduce or eliminate those conditions, the existence of which qualified the redevelopment project area as a blighted area or conservation area ..., and thereby serves to enhance the tax bases of the taxing districts which extend into the redevelopment project area."

The successful implementation of the Redevelopment Project Area Plan and Program requires that the City take full advantage of the real estate tax increment attributed to the Redevelopment project area as provided for by the Act. The Redevelopment project area would not reasonably be developed and improved without the use of such incremental revenues.

B. Purpose of the Redevelopment Plan

Pursuant to the "Tax Increment Allocation Redevelopment Act," the purpose of a Redevelopment Plan and Program is to promote the health, safety, morals, and welfare of the general public by:

1. Eradicating blighting conditions and instituting conservation measures;
2. Removing and alleviating adverse conditions by encouraging private investment of underutilized and vacant properties which will strengthen the economy, tax base, business environment, and living environment;
3. Improving existing public utilities within the area; and by
4. Enhancing the overall quality of the City of Batavia.

C. Redevelopment Plan Objectives

The goals and objectives of the Redevelopment Plan include those articulated in the Illinois Tax Increment Allocation Redevelopment Act and those discussed in the City Comprehensive Plan, including the objectives for the Washington-Wilson District area listed below.

1. **Encourage higher density residential projects that will add to and broaden the choices of housing within the City of Batavia and, in particular, provide the downtown, central business district with proximate and 24-hour consumer foot traffic.** In recent years, communities throughout the Fox River Valley, and Chicagoland in general, have seen the positive economic, social and civic impacts from adding residential units to their downtown districts.
2. **Encourage mixed-use, residential/commercial developments, infilling otherwise underutilized properties with more efficient patterns of land use developments.** Such developments will not only improve housing opportunities, as described above, but will also increase and invariably broaden the downtown's business portfolio. Further, mixed-use, residential/commercial developments will also increase employment opportunities and improve local access to goods and services. Finally, mixed-use developments bolster the development value of properties and business enterprises located within and immediately proximate to the redevelopment project area, as well as those located within the downtown central business district generally. The Future Land Use Plan (Figure 3) indicates the City's desire to see all parcels within the redevelopment project area to be mixed use in character.
3. **Maintain street-level building spaces for commercial enterprises within the City's downtown business district, especially those that, in the aggregate, provide longer spans of adjacent storefront spaces.** Foster opportunities for commercial mass, generating additional shopping and dining customer foot traffic with an eye on possibly transforming downtown Batavia into a destination retail and/or restaurant district.

4. **Coordinate Land Use and Transportation Planning.** The Redevelopment project area is located at the intersection of two high-traffic roadways, the area arterial Illinois RT 25 (N. Washington Ave./S. River St.) and the city collector E. Wilson Street, the lone roadway crossing the Fox River through downtown Batavia. Additionally, the Project Area is only few blocks from Illinois RT 31, another area arterial state highway and one on which Suburban Pace Bus provides daily passenger service between Geneva and Aurora. Finally, it should be noted that downtown Batavia is at the crossroads of several area bicycle/pedestrian trails extending throughout Kane, DuPage and Kendall Counties.
5. **Enhance the marketability of vacant and underutilized properties and encourage private investment to strengthen the City's tax base.** The City should work internally, or with a private agency, to effectively market vacant and underutilized properties in an effort to attract new commercial investment. Additionally, efforts should be made to retain and improve the existing, viable uses that contribute to the Washington-Wilson District through TIF-funded incentives.
6. **Create a safe and attractive pedestrian environment.** Improvements to the visual character, comfort, and convenience of the pedestrian experience of the Washington-Wilson District will create a desirable environment for investment and improve the quality of the neighborhood. Streetscape and public space improvements should include adequate walkway widths, improved crosswalks, quality paving materials, clear signage, appropriate lighting, and attractive public gathering spaces.
7. **Encourage public/private partnerships.** The success of the Redevelopment Plan for the Washington-Wilson District is dependent upon the private and public sectors working together to revitalize the redevelopment project area as a whole. Such partnerships will eliminate the conditions which, if continued, will likely result in a lack of investment or even disinvestment in the District.

D. Redevelopment Land Use Plan

The Redevelopment Land Use Plan is a guide to the economic revitalization and development of the Washington-Wilson Redevelopment Project Area. The City's Comprehensive Plan recognizes that the existing underutilized and obsolete sites and buildings require creative uses of land to redevelop the Washington-Wilson District. The Land Use Plan reflects a land use policy decision placing importance on mixed-use residential/commercial development patterns throughout the District with the purpose of adding economic vitality of the community.

The goal of the Redevelopment Plan is the revitalization of the redevelopment project area as a vibrant mixed-use neighborhood center which expands housing opportunities, provides the downtown, central business district with additional commercial mass and contributes to the health and public welfare of the City of Batavia. The recommended land uses, redevelopment opportunities and public improvements of this Redevelopment Plan are based upon the guidelines and development opportunities presented in the City's Comprehensive Plan, as amended.

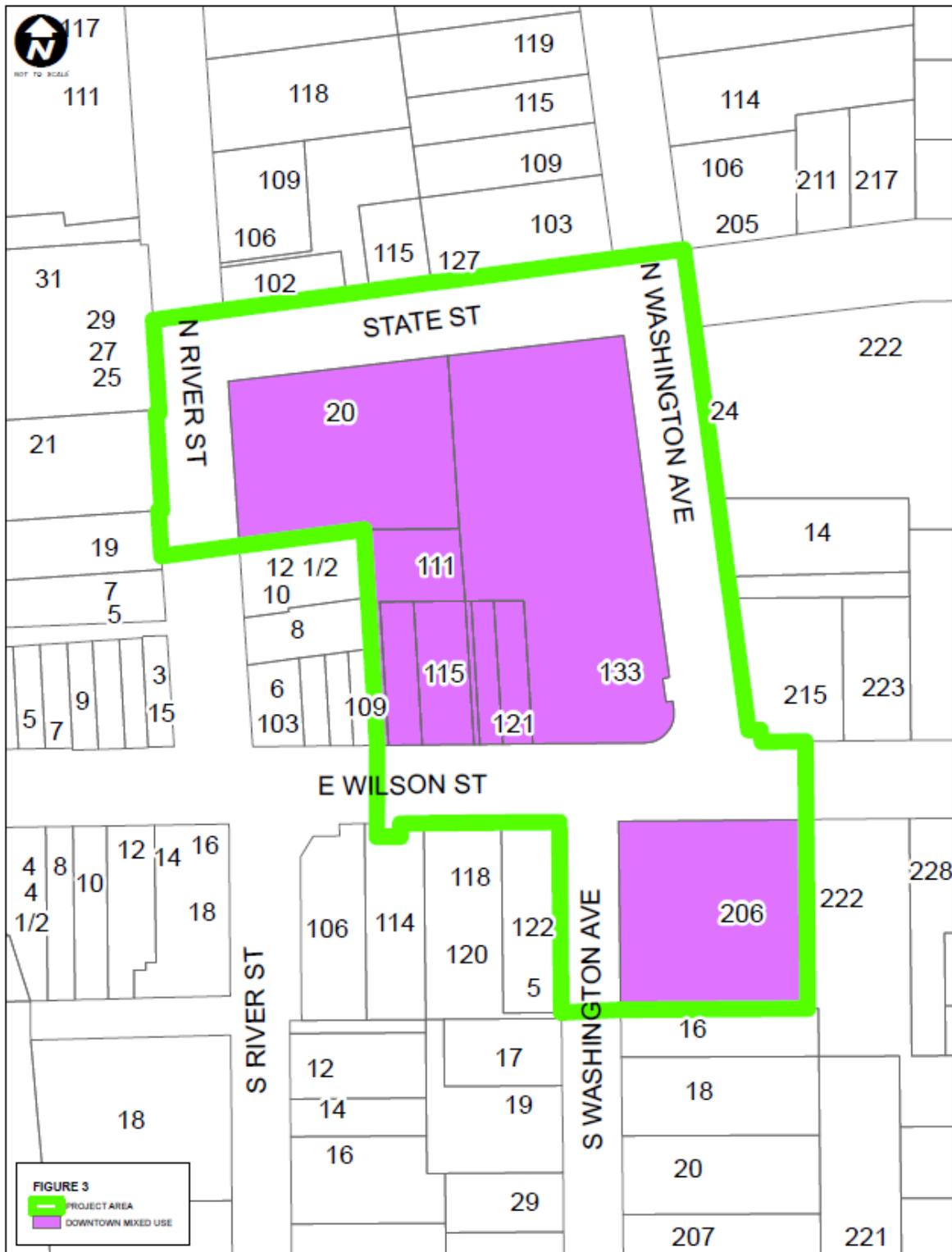
This Land Use and Redevelopment Plan identifies new land uses, the potential for the rehabilitation and adaptive re-use of existing buildings and structures, and enhancements to the public realm in the form of additional streetscape and landscape amenities, with an emphasis on making the Project Area more pedestrian-friendly. Figure 3, Future Land Use Plan, shows the anticipated land uses at completion of project activities. New development within the Washington-Wilson Redevelopment Project Area is shown as "**Downtown Mixed-Use**", intended to support multi-level structures with street level space occupied by

retail, restaurant, or other commercial activities and with upper stories occupied by multi-family residential units, office space, or a combination of both.

The City of Batavia will review property redevelopment plans, and closely monitor the implementation and build-out conditions of same, with respect to public and private parking demand and supply. Wherever possible, private parking inventory shall be located within the redevelopment site itself and public parking demand shall be served by public parking areas. Such public parking areas may be located within on-site surface parking lots or below grade parking structures, in dedicated off-site parking lots on public or private property, or through available, otherwise unallocated on-street parking spaces, either within the Project Area or at locations immediately proximate to it.

The Redevelopment Land Use Plan is not meant to establish specific requirements and should not be rigidly interpreted. Adjustments may be made in response to market conditions and other factors as long as they remain consistent with the City's overall goals and objectives for the Washington-Wilson District. This Redevelopment Plan is consistent with the City's Comprehensive Plan, as amended, and is intended to be the primary vehicle for implementing the goals and objectives of said Plan.

Figure 3: Future Land Use Plan



E. Development Opportunity Sites and Projects and Project Phasing

The Redevelopment Plan – Phasing Concept, Figure 4, identifies a primary redevelopment opportunity site (Site 1), and a secondary site where wholesale redevelopment may occur, including the demolition of all structures and the construction of entirely new building(s), or, alternatively, the rehabilitation and re-occupancy of existing buildings and/or structures (Site 2). This secondary redevelopment site, being nearly 25,000 square feet in area and located wholly within the City’s Downtown Mixed Use (DMU) Zoning District, where there is no minimum lot size requirement, may also be subdivided into two or more lots in a land redevelopment plan. In either case, the depiction of this site on the Redevelopment Plan map at Figure 4 shall not be viewed as a limitation to redevelopment potential.

The City, either on its own or in conjunction with a private development interest, may acquire property within the Project Area to create one or more redevelopment opportunity sites. Whether initiated by the City, by a private development interest or through a public-private partnership involving both parties, the Redevelopment Plan - Phasing Concept serves as a guide for the anticipated intent and scale of each identified redevelopment project site. The Plan provides the basis for the estimated revenue and cost forecasts used in this report.

In addition to these “opportunity sites,” the Redevelopment Plan also anticipates activities to be undertaken solely by the public sector. These activities are identified in the Public Improvements section of this report. All redevelopment opportunities and public improvements should be conducted under the guidance of the City Comprehensive Plan, as amended, and all other related and relevant ordinances and plans. Undertaking both private and public redevelopment activities will cause tax revenues to increase through constructing high quality residential, retail, entertainment, and office space in Batavia, and will provide a stimulus for additional development at other properties within the City’s downtown central business district.

Redevelopment projects anticipated in this Plan may commence over the next five years in phases. A proposed redevelopment project, predicated on the formal designation of the TIF District subject to this Redevelopment Plan and Program and contemplated in the adoption of City of Batavia Resolution 16-61-R (a.k.a. “Resolution Expressing Official Intent...”), and depicted on the aforementioned Figure 4, “Redevelopment Plan – Phasing Concept” as Phase I, Site 1, is expected to begin within 1-3 years from the adoption of the Washington-Wilson Tax Increment Financing District, if such adoption does occur. The Phase II project, represented on the aforesaid Figure 4 as Site 2, may commence in three to five years from the date of TIF District designation, assuming such designation were to occur. Here again, the Future Land Use Plan (Figure 3) indicates downtown mixed-use as the intended land use for both Site 1 (Phase I) and Site 2 (Phase II).

The phasing of the redevelopment projects is summarized in Table 1 below. The Redevelopment Plan is conceptual, represents an estimate of future activities and does not restrict the City of Batavia from undertaking or participating in additional public improvements or development projects as appropriate throughout the life of the Redevelopment Plan and Program.

Table 1: Phasing of Redevelopment Projects

Phases	Year	Redevelopment Site Number
I	3	Site 1
II	5	Site 2

Figure 4: Redevelopment Plan – Phasing Concept



F. Eligible Project Costs

Redevelopment project costs mean and include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to a redevelopment plan and a redevelopment project, as allowed by Statute. Such costs may include, without limitation, the following:

1. Costs of studies, surveys, development of plans, and specifications, implementation and administration of the Redevelopment Plan including but not limited to staff and professional service costs for architectural, engineering, legal, financial, planning or other services.
2. The cost of marketing sites within the redevelopment project area to prospective businesses, developers, and investors.
3. Property assembly costs including, but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, site preparation and site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land.
4. Costs of rehabilitation, reconstruction, repair, or remodeling of existing private or public buildings, fixtures, and leasehold improvements; and the cost of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment.
5. Costs of the construction of public works or improvements.
6. Costs of job training and retraining projects, including the cost of “welfare to work” programs implemented by businesses located within the Redevelopment project area, and costs of advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, as provided in the Act.
7. Financing costs, including but not limited to, all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued under the Act accruing during the estimated period of construction of any redevelopment project for which such obligations are issued, and not exceeding 36 months thereafter and including reasonable reserves related thereto.
8. To the extent the City by written agreement accepts and approves the same, all or a portion of a taxing district’s capital costs resulting from the Redevelopment Project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Redevelopment Plan.
9. An elementary, secondary, or unit school district’s increased costs attributable to assisted housing units as provided in the Act.
10. Relocation costs to the extent that the City determines that relocation costs shall be paid or is required to make payment of relocation costs by Federal or State law.
11. Payment in lieu of taxes.
12. Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project, as provided by the Act.
13. Up to 50% of the cost of construction, renovation, and/or rehabilitation of all low- and very low-income housing units as defined in Section 3 of the Illinois Affordable Housing Act, as provided by the Act.

G. Acquisition and Clearance

To meet redevelopment objectives, and under current redevelopment planning, it will be necessary for the City to assemble certain properties within the redevelopment project area. These properties are comprised of parcels already owned by the City and privately owned parcels that the City would acquire pursuant to its authorities set forth in the Act. After fully assembled, all properties will be cleared to allow for redevelopment plan implementation. There may be in the future additional acquisition, clearance, and assembly of properties within the redevelopment project area likely resulting from the actions of the private sector, though the City does, however, reserve the right to acquire, clear, or assemble any properties within the TIF District during the 23-year duration of the TIF. In either case, the City may assist in the marketing and promotion of such redevelopment opportunities. All action(s) will be consistent with the stated intent of the TIF Act, this Plan and Program document and the City's Comprehensive Plan, and should not result in the need for additional amendments to this Plan. Any clearance of existing structures will be scheduled to coincide with redevelopment activities so that facilities do not remain unused for extended periods of time, except for structure that pose health or safety hazards.

H. Land Disposition

As provided for in the TIF Statute, property acquired by a municipality may be assembled into appropriate redevelopment sites. These properties may be sold or leased by said municipality to other public bodies or to private developers, in whole or in part. Under current redevelopment planning, once assembled, the City does intend to sell certain properties it owns within the redevelopment area to a private, redevelopment interest. This sale is expected to occur soon after establishing the subject TIF District and in accordance with a fully executed Redevelopment Agreement between the City and said redevelopment interest. Any future modifications to the stated disposition action of this Plan will be in accordance with the objectives of this Redevelopment Plan and Program, and will not require any amendment to the Plan. Terms of conveyance may be incorporated into appropriate disposition documents or agreements, and may include more specific restrictions than contained in this Redevelopment Plan, or in other municipal codes and ordinances governing the use of the land.

No conveyance, lease, mortgage, disposition of land or other property, or agreement relating to the development of property will be made except upon the adoption of an ordinance by the City. Furthermore, no conveyance, lease, mortgage, or other disposition of land or agreement relating to the development of property owned by the City shall be made without providing reasonable opportunity for the submission of alternative proposals or bids.

I. Public Improvements

The City of Batavia will provide public improvements in the redevelopment project area to facilitate redevelopment, further the objectives of Redevelopment Plan, and to serve the needs of Batavia residents, property and business owners. Public improvements may include, but are not limited to, the following:

1. Stormwater management improvements, including but not limited to creating or improving stormwater detention facilities, storm sewers, curbs and gutters;
2. Removal, resurfacing, widening, reconstruction, signalization, and other improvements to rights-of-way, streets, alleys, sidewalks, and pathways;

3. Pedestrian safety enhancements, including crosswalks, bike paths, and lighting;
4. Development of or improvements to public open space;
5. Construction, reconstruction or improvement of on-street and off-street public parking facilities and structures;
6. Improvement of public utilities such as water, sewer and electric facilities;
7. Demolition and rehabilitation of structures;
8. Beautification improvements, including streetscape (sidewalk/brick pavers), lighting, signage, and landscaping within the redevelopment project area;
9. Grants or loans to private property owners for eligible property improvements, including building rehabilitation, façade restoration or enhancements; and

The City of Batavia and individual developers and/or property owners, pursuant to an agreement between the parties, may share the costs associated with these improvements. The City may determine at a later date that certain listed improvements are no longer needed or are appropriate and may remove them from the list, or may add new improvements to the list that are consistent with the objectives of this Redevelopment Plan.

J. Estimated Project Costs

Estimated costs for public improvement projects listed above are provided in *Table 2* below:

Table 2: Estimated Redevelopment Project Costs

Expense Categories	Budget
Studies, Surveys, & Development of Plans; Implementation & Administration/Professional Services	\$ 450,000
Property Assembly, includes the purchase of real estate and other types of property interests, demolition, site preparations and site improvements that serve as an engineered barrier addressing contamination	\$ 1,920,000
Rehabilitation, reconstruction, façade improvements, repair or remodeling of existing public or private buildings and fixtures	\$ 250,000
Costs of the construction of public works or improvements, including parking facility, streetscape and roadway improvements, installation repair, construction, reconstruction or relocation of public utilities	\$ 11,575,000
Public Financing costs, including necessary and incidental expenses in issuance of obligations and including payment of interests on such obligations and Redeveloper Financing costs	\$ 7,500,000
Environmental remediation	\$ 250,000
Reimbursing School and Library District in accordance with State Statute	\$ 800,000
Total Estimated Project Costs	\$22,745,000

Table 2 Notes:

Over the lifetime of the TIF, redevelopment project costs may fluctuate and necessitate a change to the individual line items; however, such changes will not result in an increase of the total estimated project costs. Such modifications may be made without further amendment to this Plan so long as there is not an overall increase in the total estimated costs.

Total redevelopment project costs exclude any additional financing costs, including any interest expenses, capitalized interest, and costs associated with optional redemptions. These costs are subject to prevailing market conditions and are in addition to the total project costs.

Total redevelopment project costs may be shared or applied to contiguous redevelopment project areas, or those project areas separated by only a public right-of-way, that are permitted under the Act to be paid from incremental property taxes generated in the redevelopment project area. The redevelopment project costs incurred in the Washington-Wilson Redevelopment Project Area, which are paid from incremental property taxes generated in contiguous redevelopment project areas, or those separated only by a public right-of-way, are not included. The amount of revenue from the redevelopment project area made available to support such contiguous redevelopment project areas, or those separated only by a public right-of-way, when added to all amounts used to pay eligible redevelopment project costs within the redevelopment project area, shall not at any time exceed the total redevelopment project costs described in the Washington-Wilson Redevelopment Plan.

Public improvements may also include capital costs of taxing districts and other costs allowable under the Act. Specifically, public improvements as identified in the Redevelopment Plan and as allowable under the Act may be made to property and facilities owned or operated by the City or other public entities. As provided in the Act, Redevelopment Project Costs may include, to the extent the City by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Redevelopment Plan.

K. Estimated Project Costs

The Act provides a way for municipalities to finance public redevelopment costs with incremental real estate tax revenues. Incremental tax revenue is derived from the increase in the current equalized assessed valuation (EAV) of real property within the redevelopment project area over and above the certified initial EAV of the real property. Any increase in EAV is then multiplied by the current tax rate, resulting in the tax increment revenue.

L. Sources of Funds

Funds necessary to pay redevelopment project costs may be derived from a number of authorized sources. These may include, but are not limited to, the following:

- Real property tax increment revenues from the redevelopment project area;
- Tax revenues resulting from the establishment of any Special Service Area districts within the redevelopment project area;
- Interest earned on temporary investments;
- Gifts, grants, and contributions;
- Bond proceeds;
- Sale or lease of land proceeds;
- User fees;
- Municipal sales taxes; and
- The City's general revenue fund.

The principal source of funds will be the incremental increase in real property taxes attributable to the increase in the equalized assessed value of each taxable lot, block, tract or parcel of real property in the redevelopment project area over the initial equalized assessed value of each such lot, block, tract or parcel. As necessary, a “back-up” or “backstop” special service area will be established to provide funds necessary to pay certain costs associated with the implementation of this Redevelopment Plan and Program. It is conservatively estimated that the total of all incremental increases in property taxes over the term of the TIF District in 2016 dollars will be \$23,137,536. The estimated property tax increment is based on the full build out of the redevelopment project area, based on the phasing assumptions in Table 1, and will still be sufficient to cover the estimated costs in Table 2. However, as indicated immediately above, where there may be a shortfall with respect to incremental property taxes from redevelopment Site 1 and any debt service resulting from financing such redevelopment, the back-up SSA will serve to meet financing obligations.

The redevelopment project area may, in the future, be contiguous to, or separated only by a public right-of-way from, other Redevelopment Project Areas created under the Act. The City may utilize net incremental property taxes received from the redevelopment project area to pay eligible redevelopment project costs, or obligations issued to pay such costs, in other contiguous Redevelopment Project Areas or other project Areas separated only by a public right-of-way, and vice versa. The amount of revenue from the redevelopment project area, made available to support such contiguous Redevelopment Project Areas, or those separated only by a public right-of-way, when added to all amounts used to pay eligible redevelopment project costs within the redevelopment project area, shall not at any time exceed the total redevelopment project costs described in this Redevelopment Plan.

In the event that adequate funds are not available as anticipated from aforementioned sources, the City may utilize its taxing power to sustain the redevelopment projects or repay obligations issued in connection therewith, to be reimbursed over time, if possible, from tax increment revenues.

M. Nature and Term of Obligations to be Issued

The financial plan of this Redevelopment Plan is intended to establish a conservative public expenditure approach. Except where referenced below, wherever possible, revenues will be accumulated in the special tax allocation fund to pay for public purpose expenditures identified in this Redevelopment Plan; whenever practical, expenditures will be made on a cash basis. However, this method of financing shall not preclude the City from undertaking initiatives designed to stimulate appropriate private investment in the redevelopment project area.

As noted in Section IV, (E) and (F), reflected in Figure 4. “Redevelopment Plan – Phasing Concept, and as is presently is presently contemplated and represented in Table 2. “Estimated Project Costs”, the City of Batavia intends to issue General Obligation Bonds in support of a proposed redevelopment project planned for Phase I and at Redevelopment Site 1. As proposed, this multi-million dollar, mixed-use, residential/commercial project includes a two-tiered, public parking garage, surrounding streetscape and landscape improvements, as well as certain private redevelopment activities. Pursuant to the Act, such project activities may be funded by the use of tax increment revenues. Additionally, in accordance with state statutes, the City may issue either tax increment or general obligation bonds for a term not to exceed twenty (20) years in support of these activities. Consistent with the conservative nature of the financial plan for this Redevelopment Program, the highest priority for the issuance of either tax increment revenue or general obligations shall occur when the commitment is in place for private sector investment necessary to fund the amortization of such obligations.

All obligations are to be covered after issuance by projected and actual tax increment revenues, by special service area revenues and by such debt service reserved and sinking funds as may be provided by ordinance. Revenues not required for the retirement of obligations providing for reserves, sinking funds, and anticipated redevelopment project costs may be declared surplus and become available for distribution annually to the taxing districts in the redevelopment project area.

One or more issues of obligations may be sold at one or more times in order to implement this Plan, as now or hereafter amended, in accordance with law.

The City may, by ordinance, in addition to obligations secured by the special tax allocation fund provided by law, pledge for a period not greater than the term of the obligations any part or any combination of the following:

- Net revenues of all or part of a Redevelopment Project;
- Taxes levied and collected on any or all property in the municipality;
- The full faith and credit of the municipality;
- A mortgage on part or all of a Redevelopment Project; and
- Any other taxes or anticipated receipts that the municipality may lawfully pledge.

N. Equalized Assessed Valuation

Appendix B lists the most recent (2015) certified equalized assessed valuation of properties in the redevelopment project area by individual property tax identification (pin) number. The total 2015 certified equalized assessed valuation of the redevelopment project area is **\$346,076**.

Upon the completion of anticipated redevelopment projects it is estimated that the equalized assessed valuation of real property within the redevelopment project area will be in excess of **\$7,402,483**. This represents an approximate 2139% increase in the total equalized assessed valuation for the Washington-Wilson Redevelopment Project Area. This figure is based upon estimates of value for the anticipated redevelopment projects described in the Redevelopment Project Plan section of this report.

O. Prevailing Wage

Any public improvements must be completed in compliance with the Prevailing Wage Act 820 ILCS 130/.01 et seq. and in compliance with the requirements of the Illinois Wages of Employees on Public Works Act 820 ILCS 130/1-12, to the extent they are applicable.

P. Affirmative Action

The City of Batavia will require each private developer entering into an agreement with the City, in connection with development in the redevelopment project area, to utilize fair employment practices, including an affirmative action program.

Q. Payment in Lieu of Taxes

No payments in lieu of taxes are anticipated as part of the Redevelopment Plan and Program.

R. Provision for Amending the Redevelopment Plan and Program

The Redevelopment Plan and Program may be amended pursuant to provisions of the Act.

Section V. FINDINGS OF NEED FOR TAX INCREMENT FINANCING

On the basis of the *Washington-Wilson District TIF Eligibility Study* and this Redevelopment Plan and Program, the City Council of the City of Batavia, Illinois, can adopt the following findings pursuant to Section 11-74.4-3(n) of the Act.

A. Redevelopment Project Area Not Subject to Growth

The redevelopment project area on the whole has not been subject to appropriate growth and redevelopment through investment by private enterprise, and would not reasonably be anticipated to be developed consistent with City policies without adoption of this Redevelopment Plan. This finding is supported by the following additional findings.

The City finds that the Project Area on a whole has not achieved the type and extent of growth and redevelopment through investment by private enterprise as desired and planned by the City, based on the physical condition, vacancies, and the lag in growth in property values as follows:

1. As described in the Eligibility Study, the present condition of the subject area (e.g., the age of current buildings and structures, the relative state of deterioration of public and private buildings and properties, the predominant presence of structures below minimum code standards, excessive vacancies, lack of community planning as evidenced by incompatible land uses, access to and configuration of parcels) inhibits redevelopment potential and negatively impacts properties within and near the redevelopment project area. These conditions exist as a direct consequence of a lack of significant investment in the redevelopment project area which has resulted in parcels remaining either under-utilized or vacant. While each individual property may not exhibit all or any of these conditions, the redevelopment project area as a whole is characterized by a reasonable extent and meaningful distribution of this lack of investment.
2. The total Equalized Assessed Value (EAV) of the redevelopment project area has declined in three (3) of the past five (5) years and has also lagged behind the CPI index for four (4) of the last five (5) years. The redevelopment project area has not experienced appropriate growth in the tax base or shown evidence of significant private investment, which increases the value of properties in Washington-Wilson District and adjacent areas.

3. Over the last 25 years, the largest investment in the Project Area based on building permit history has been the construction of the public parking deck at 20 North River Street. No significant investment has occurred at any other property, either publicly owned or currently of formerly privately owned within the redevelopment project area in more than thirty years.
4. The continued presence of outdated, underutilized or vacant commercial, industrial and institutional buildings indicates that a significant portion of the redevelopment project area is under-performing, and the condition of these properties exerts a further drain upon the perception and vitality of the Washington-Wilson District, the downtown and more generally, the City of Batavia.

B. Conformance with the Comprehensive Plan of the City of Batavia

1. **Issues.** In the 2007 City of Batavia’s Comprehensive Plan, as amended in 2014, a number of specific issues are identified and directly relate to the future use of land in the City and particularly within the City’s historic downtown district. Four specific issues are listed below and are particularly pertinent when considering the applicability of Tax Increment Financing as a tool to stimulate positive change in the Project Area:
 - i. “The continued redevelopment of the downtown as a mixed-use area, with added residential, retail, entertainment and office uses a priority”;
 - ii. “The City has a shortage of higher density residential uses...and downtown living opportunities”;
 - iii. “[There are] limited public parking facilities (‘[especially] centralized public parking facilities’), aging utilities and the complex relationships between adjacent uses often require City government to play a larger role in the ongoing development and redevelopment of the downtown”;
 - iv. “The building stock of downtown Batavia, while unique in its character, is in some cases ill suited for contemporary downtown uses. Many buildings were designed for industrial purposes and many others do not meet current code requirements...All these sites have potential for development in downtown”.
2. **Goals and Policies.** The City’s Comprehensive Plan also provides specific goals and policies to address these issues, to include but not necessarily limited to:
 - i. “Use redevelopment tools, including tax increment financing, to encourage and shape downtown development”;
 - ii. “Require development projects to take advantage of views and access to the Fox River”;
 - iii. “Protect key retail properties from conversion to non-retail uses while allowing multi-tenant properties to house a healthy mix of uses”;
 - iv. “Raise the quality of new development through zoning, subdivision, design review and other tools;” and
 - v. “Locate higher density residential uses convenient to transit and employment centers”.

3. **Public-Private Investment Partnerships.** The amended Comprehensive Plan makes clear that successful economic development and redevelopment results from creating high quality land development and utility infrastructure, serving to both accommodate the needs of existing business enterprises, as well as make Batavia an attractive place for additional, new private investment. These two general goals complement the Plan’s additional goal to encourage the City to “[form] effective partnerships with the private sector to stimulate redevelopment.”

4. **Amended Comprehensive Plan supports the redevelopment of existing deteriorating and progressively obsolete areas within the City, such as above-described Washington-Wilson District.** Requiring development to pay for itself, insisting upon high standards in the design and construction of land development and public utilities, and encouraging private investment through public-private partnerships are all relevant planning policies in the consideration of whether or not to establish and, ultimately employ tax increment financing as a tool to foster the implementation of the Plan.

5. **Summary Conformance Statement.** This Redevelopment Plan and Program conforms to the City of Batavia’s Comprehensive Plan Update (2014). The Comprehensive Plan identifies general land-uses which serve as a “starting point” for the planning of the redevelopment projects and public improvements discussed in this Redevelopment Plan and Program. Moreover, exploring Tax Increment Financing Districts is recommended in the Plan as an implementation tool for the development of projects in line with the vision for this area.

C. Date of Completion.

The estimated year of completion of the redevelopment projects is the year 2070, 23 years from the date of the adoption of the Washington-Wilson TIF District ordinance approving the Redevelopment Plan and Program

Section VI. FINANCIAL IMPACT OF REDEVELOPMENT

In the absence of City-sponsored redevelopment, it can be reasonably surmised that the factors qualifying this area as a conservation area will continue to exist and to spread, and that the redevelopment project area along with adjacent properties will become less attractive for maintaining and improving existing buildings and sites. Erosion of the assessed valuation of property in and outside of the redevelopment project area has already occurred, and could lead to further reductions of real estate tax revenue to all taxing districts.

Implementation of the Redevelopment Plan and Program is expected to have significant short and long-term positive financial impacts on all taxing districts affected by this Redevelopment Plan. In the short term, the City’s use of tax increment financing can be expected to arrest the ongoing decline of existing assessed values in the redevelopment project area, thereby stabilizing the existing

tax base for local taxing agencies. In the long term, after the completion of all redevelopment improvements and activities, redevelopment projects, and the payment of all redevelopment project costs and municipal obligations, all taxing districts will benefit from the enhanced tax base which results from the increase in equalized assessed valuation caused by the implementation of this instant Redevelopment Plan and Program.

The following taxing districts cover the proposed redevelopment project area:

- City of Batavia
- Batavia Public School District 101
- Batavia Park District
- Waubensee College 516
- County of Kane
- Kane County Forest Preserve District
- Batavia Library District
- Batavia Township

- 1. Impact on the city of Batavia.** As a result of new development in the redevelopment project area, the City of Batavia may experience increased demand for services such as administrative, police, and fire protection. When compared to the population of the City, this represents a small marginal increase in residents and new development, such that the demand should not be so substantial on its own to warrant the hiring of additional employees or capital expenditures. Furthermore, the mixed-use and relatively dense development pattern planned for this urban infill area typically results in efficiencies in providing city services. Therefore, no redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.
- 2. Impact on Batavia Public School District #101.** The consolidated Batavia School District consists of six elementary schools, one middle school, and one high school. New, higher density residential development is recommended in this Redevelopment Plan consistent with the City's long-range plans for the Washington-Wilson District, including multi-family residential buildings. Due to the downtown location of the Project Area redevelopment opportunity sites, the anticipated types of multiple family units, dwelling unit sizes and the anticipated school-age population, the impact on School District #101 is estimated to represent only a small, if not negligible increase in primarily the elementary student population of the District as a whole, and should not result in a significant financial impact overall. However, to address whatever potential impact on CUSD #101, the TIF Act, under subsection (q) "Redevelopment Project Costs", subsection (7.5), requires that if a redevelopment project results in increased attendance from a project that has received TIF assistance, CUSD #101 shall be paid, from the TIF fund, the increase cost in accordance with the method described in the Act. Therefore, no additional redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.
- 3. Impact on Batavia Park District.** The increased demands for recreational services resulting from the new residential development should have minimal impacts on Park District facilities, as the potential population increase would only account for a small percentage of the total population of the District. Furthermore, due to the expected demographic make-up of those persons residing in any TIF-assisted housing within the Project Area and that the existing Park District facilities located within the immediate neighboring area along and proximate to the Fox River in downtown Batavia already provide significant opportunities for open space and recreation benefiting the Project Area, no redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.

- 4. Impact on Waubensee College 516.** Residential development is planned to occur within the redevelopment project area. Some of the residents of the planned new dwellings may seek educational opportunities at the College level. The impact will be incidental, as it is likely that, alternatively, many of these residents already reside in the Community College’s jurisdiction and/or will have already obtained post-secondary school education or training, will be gainfully occupied, or will represent an age cohort not typically seeking additional educational opportunities at the College level. Furthermore, the increase in population from redevelopment projects within the approximately 4.65-acre Project Area would represent only a small percentage of the total population served by Waubensee College 516. Therefore, no redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.
- 5. Impacts on the County of Kane.** Residential development proposed in this Redevelopment Plan will generate a small number of new residents relative to the total population currently benefiting from programs and services provided by the County. It is also anticipated that much of the population residing in the Project Area will be already living in the County, and the increase in demand for services and financial impact upon the County will be marginal. Therefore, no redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.
- 6. Impact on the Forest Preserve District of Kane County.** Residential redevelopment is encouraged in the redevelopment project area. Some of the residents of these new dwellings may seek recreational opportunities in Forest Preserve facilities. The impact on the Forest Preserve will be incidental as it is likely that most of these residents already reside in the jurisdiction of the Forest Preserve. Any increase in population represents will only a small percentage of the total population served. Therefore, no redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.
- 7. Impact on Batavia Township.** Batavia Township is responsible for property assessments, and provides general assistance and limited social services. The Township Highway department provides maintenance and snow plowing of certain local roads. New residential and commercial development as recommended in the Redevelopment Plan for the Project Area represents only a small portion of the population served by Batavia Township, thus the expansion of township services are not anticipated to be required to serve new residents. Furthermore, the redevelopment project area does not contain Township roads, nor are new roads proposed that will require Township services. Therefore, there will be no direct impact from new development on the Batavia Township, and no direct mitigations are set forth in the Redevelopment Plan.
- 8. Impact on Batavia Library District.** Residential development is planned to occur within the redevelopment project area. Some of the residents of these new dwellings may already be residing locally and using Library facilities and services. It is anticipated that the impact will be incidental, as it is likely that most of these residents already reside in the Library District’s jurisdiction. To address the potential minor impact on the Batavia Library District, the TIF Act under subsection (q) “Redevelopment Project Costs”, subsection (7.7) requires that if a redevelopment project results in increased costs to the Library District attributable to TIF-assisted housing within the redevelopment project area, the District shall be paid, from the TIF fund, the increase cost in accordance with the method described in the Act. In any event, the likely increase in population would be only a small percentage of the total population served by the Library District. Therefore, no redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.

APPENDIX A

Washington-Wilson TIF Eligibility Study

**WASHINGTON-WILSON DISTRICT
TAX INCREMENT FINANCING
ELIGIBILITY FINDINGS**

City of Batavia, Illinois
June, 2016



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Section I.

INTRODUCTION

A. The City of Batavia's Comprehensive Plan. Pursuant to Illinois State Statutes (65 ILCS 5/11-12-6 and 12-7), an officially adopted comprehensive plan (including its amendments and maps) serves a community and its constituents as the principal advisory document in making land use, development and redevelopment decisions. The City of Batavia's Comprehensive Plan establishes goals and objectives that are consistent with this charge, including those that encourage the conservation and/or enhancement of the taxable value of its residential, commercial and industrial land and buildings.

It is commonly held that a city's plan is to be used as the principal guide when determining whether or not a proposed land use or development is appropriate for a given location. If the plan tends to support the proposal, the city should be amenable to allowing it. However, a city plan is not only a critical tool used in reacting to a given proposal but should also serve as a basis for the City to be proactive in establishing and implementing land use and development policies and programs.

In 2007, the City of Batavia adopted a wholesale update to its Comprehensive Plan. This plan has been regularly updated since that date, including the latest update in 2014. These officially adopted updates rightly portray the City's proactive position in keeping contemporary its policies affecting land use, property development and, specifically with respect to the underlying purpose of this study, the redevelopment of existing areas within the City of Batavia.

The City's Comprehensive Plan sets forth eleven specific "issues" related to land use for the City. Three of these eleven issues are particularly pertinent when considering the applicability of Tax Increment Financing as a tool to stimulate positive change in an existing, developed area like the area subject to this instant report. These three issues are as follows:

"Transitioning from an environment of new growth to one of redevelopment (e.g., "emphasiz[ing] redevelopment of existing properties and infill development)";

"The continued redevelopment of the downtown as a mixed-use area, with added residential, retail, entertainment and office uses a priority"; and

"Maintaining a balance of land uses and housing types to serve all portions of community (e.g., [addressing the] shortage of higher density residential uses...and downtown living opportunities)".

Further, the following statements are included as specific "Goals and Policies" set forth in the aforementioned Comprehensive Plan and serve to reflect the community's intent and policies to address the eleven identified issues:

"Maintain Batavia as an attractive place to live, work, shop and play, with a balance of land use";

"Plan land uses to achieve an efficient provision of public facilities and services (e.g., Focus higher density and intensity development in and adjacent to the downtown, Avoid underdevelopment of property with ample utility capacity, especially in the downtown)";

"Maintain a diversity of housing types, prices and styles for all segments of the community (e.g., Provide a mixture of housing types and densities on large scale mixed use redevelopment parcels)";

"Coordinate land use and transportation planning (e.g., Locate higher density residential uses convenient to transit corridors and employment centers)";

"Continue to make the downtown and Fox River the focal point of the community (e.g., Focus the most intense development in the downtown, Use redevelopment Tools, including tax increment

most intense development in the downtown, Use redevelopment Tools, including tax increment financing, to encourage and shape downtown development, Require development projects to take advantage of the views and access to the Fox River); and
“Maintain sufficient retail and employment areas to ensure the fiscal economic vitality of the City”.

In February 2014, the City passed an amendment to its 2007 City’s Comprehensive Plan, including new sections (“Elements”) entitled, “Economic Development and Redevelopment”, “Housing, Neighborhood Conservation and Historic Preservation”, and “Urban Design”.

The 2014 amendment makes clear that successful economic development and redevelopment is predicated upon, and will result in the further improvement of high quality land development and utility infrastructure that serve to both accommodate the needs of existing business enterprises, as well as make Batavia an attractive place for new private investment. With respect to the area subject to this TIF Eligibility Study, the Comprehensive Plan’s 2014 Economic Development and Redevelopment element draws particular attention to the City’s downtown (its “heart and soul”) [where] “cultural/social interaction as well as economic activity is concentrated”, noting that the downtown’s existing building stock “is in some cases ill suited for contemporary downtown uses”. This portrayal begs the question as to which buildings are so ill-suited and what can be done to address this issue.

Furthering the discussion on economic development and redevelopment, the aforementioned 2014 amendment to the City’s Plan sets forth a number of specific goals, including:

- “Increase employment and housing opportunities;
- “Form effective partnerships with the private sector to stimulate redevelopment”;
- “Ensure that redevelopment strengthens downtown Batavia as the center of the community”; and
- “Increase customer and visitor activity”.

Concerning housing, the 2014 Plan amendment cites the need for greater housing diversity across Batavia, specifically citing “higher density housing in conjunction with mixed-use developments”. Aging building stock, underperforming property maintenance and ill-suited parcel size as it relates to efficient land use are also cited in the amendment as areas of concern. Finally, as to the character of the city’s built environment, the amendment states that “[r]edevelopment of the downtown is one of the City’s highest priorities”, specifically emphasizing that such redevelopment must be “economically viable” and characterized by reintroducing “streetwalls” and “taller buildings” located in the City’s downtown.

In all the above-cited cases, the 2014 amendment supports the redevelopment of existing land development areas where deemed appropriate and necessary. By stressing the importance of economically viable, higher density, mixed-use redevelopment in the City’s downtown business district *and* private investment through public-private partnerships in the development of this land use form, the amendment provides sufficient rationale for City decision-makers to consider the need and merits of establishing and, ultimately employing tax increment financing as a tool to foster the implementation of each of the aforesaid goals.

B. Property Conditions Inconsistent with the City’s Comprehensive Plan. As previously stated, the City encourages the conservation and/or enhancement of the taxable value of its residential, commercial and industrial land and buildings. However, because of certain, identifiable conditions, there are locations where one cannot reasonably expect policy statements and land use decisions alone to result in the implementation of such established goals and objectives. It is at this point when it may be determined that, but for the City taking direct measures to encourage redevelopment efforts in these locations, including providing financial assistance, sufficient private economic development activity will not occur.

It will be shown through this report that the aforementioned conditions are present today within the subject area (“Washington-Wilson District”, as further described below) and that these conditions inhibit private investment, weaken the City’s tax base, affect the safety of community residents, and hinder the City’s ability to promote a cohesive development of compatible land uses. However, through the use of tax increment financing, the City may provide financial incentives and construct certain public improvements to ameliorate these investment-inhibiting conditions.

Section II.

TAX INCREMENT FINANCING

A. The Act. The Tax Increment Allocation Redevelopment Act (65 ILCS 5/11 - 74.4 - 1, et seq.) (the “Act”) stipulates specific procedures which must be adhered to in designating a Redevelopment Project Area. By definition, a Redevelopment Project Area is:

“ ..an area designated by the municipality, which is not less in the aggregate than 1 ½ acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as an industrial park conservation area, or a blighted area or a conservation area, or a combination of both blighted areas and conservation areas (Section 11-74.4-3).”

Section 11-74.4-3 defines a conservation area as:

“ ...any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality in which 50% or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area but because of a combination of 3 or more of the following factors is detrimental to the public safety, health, morals or welfare and such an area may become a blighted area...”

The factors named by the statute with regard to conservation areas are as follows: dilapidation, obsolescence, deterioration, presence of structures below minimum code standards, illegal use of individual structures, excessive vacancies, lack of ventilation, light, or sanitary facilities, inadequate utilities, excessive land coverage and overcrowding of structures and community facilities, deleterious land use or layout, lack of community planning, environmental clean-up, and decline of equalized assessed value (“EAV”).

B. Summary Determination of Eligibility. The determination of eligibility of the Washington-Wilson District TIF Redevelopment Project Area is based on data gathered through field observation by CC Aiston Consulting, Ltd, and City Community Development and Public Works Staff and through document and archival research. This information was then compared against the eligibility criteria set forth in the Act.

According to the Act, in order to be designated as a “conservation area”, at least 50% of the structures must be 35 years or more in age, and a combination of at least three of the other blighting factors identified in the Act must be present to a meaningful extent and reasonably distributed throughout the Project Area. As will be presented below, the Project Area is eligible for designation as a conservation area. This is based on the predominance and extent of parcels exhibiting the following characteristics: age, deterioration, presence of structures below minimum code standards, excessive vacancies, lack of community planning and decline in equalized assessed value. Each of these factors contributes significantly towards the decline of the Project Area.

Section III.

DESCRIPTION OF THE PROJECT AREA

A. Location and History. The Project Area, alternatively called hereafter, “Washington-Wilson District”, is an area of approximately 210,000 square feet (4.8 acres) and is generally located between River Street and North Washington Avenue, and between State and East Wilson Streets, although there is a single parcel within the subject Project Area that is located along the south side of East Wilson Street, specifically at the southeast corner of E. Wilson and South Washington Ave. A aerial photographic map of the Washington-Wilson District area is found at Figure 1.

Historically, the bulk of the Project Area is located north of East Wilson Street and was first surveyed, legally established as part of Block 7 in the first platting of land east of the Fox River and made part of Town of Batavia in July, 1845. The sole land parcel located south of East Wilson Street was created as part of the March, 1844 platting of Block 1 of Wilson’s Addition to the Town of Batavia.

In relying on John Gustafson’s Historic Batavia (Robinson and Schielke, 1998) and Sanborn Fire Insurance maps, we find that the commercial and industrial land use east of the Fox River in Batavia was first developed circa 1840, facilitated by the new Fox River bridge at Wilson Street (a dirt roadway named after Judge Isaac Wilson, reportedly the first person using the name “Batavia” rather than “Head of Big Woods”). The Challenge Mill Company was established along the East bank of the Fox River in 1867, just north and east of the Project Area and by 1870, commercial buildings were appearing within two blocks east of the River along both the south and north sides of Wilson Street. According to early Sanborn mapping (1885 – 1928), a number of individual residences had been established within the Project Area, though mostly fronting South Street (renamed State Street, circa 1910) and Washington Avenue. However, the majority of the buildings were non-residential, fronting either East Wilson Street or River Street.

Sanborn maps dated from 1885 through 1928 depict retail (agricultural implements, twine, furniture, clothing and dry goods, boots and shoes, groceries, meats, bicycles and cigars) service (cobbler, tailor, blacksmith, furniture and upholstery repair, restaurant and banquet, as well as a number of saloons) and light assembly/sales (millinery, gloves) buildings. The cornerstone of the First Baptist Church, located at the Northwest corner of E. Wilson Street and N. Washington Avenue was laid in 1888. The First Baptist Church sold this property to the City of Batavia in 2006, ultimately relocating to a property west of the city limits, establishing the Faith Baptist Church. Although the former church building is still standing, it has fallen into disrepair and, in recent years, has been used primarily for storage purposes.

Finally, Sanborn Insurance maps show evidence that sometime between 1907 and 1916, an area of approximately 3000 square feet located in the northeast corner of the Project Area was being used as a “junk yard”. The company’s 1928 map shows no evidence of this junk yard use still ongoing but instead represents mostly individual dwellings and their accessory storage buildings located generally northerly half of the Block 7. This map also shows two houses located within the Project Area and south of mid-block, Block 7, one such home located immediately north of the church building that is known to have served as the church’s parsonage.

B. Existing Land Use. With respect to the Project Area itself, today one finds at least a version of the aforementioned former First Baptist Church building still standing at the northwest corner of North Washington Avenue and East Wilson Street. This vast, essentially vacant building is owned by the City of Batavia and, in part, is currently serving storage needs for certain local, not-for-profit organizations.

The existing commercial buildings at 121 and 113 E. Wilson Street were constructed prior to 1916 and 1928, respectively. 121 E. Wilson St. is shown on the 1916 Sanborn Insurance Map as being a “boots and shoes” store. For the past eighty-plus years, however, this building has been occupied by an insurance office. 113 E. Wilson is represented on the company’s 1928 map as simply a “store”. Going back nearly twenty years from the date of this study, this building has been occupied by a local dental practice.

There are three other existing principal structures found within the project area. Two of these structures are habitable buildings and have East Wilson Street addresses (111 and 206 E. Wilson Street). The third principal structure is a two-tiered, public parking deck, located at the Southeast corner of North River Street and State Street and is addressed 20 North River Street.

The building at 111 E. Wilson, located on a flag lot some 120 feet off the street, is a single-story, cinder block building of approximately 2500 square feet. It was built in 1958, originally occupied by a pattern maker shop and was last home to a Service Master business. The City of Batavia purchased the property in 2013 and, to this date, it has been either vacant or used to store vehicles and equipment. The building at 206 E. Wilson Street (circa 1940) is a former automobile fuel and service station. As of the date of this report, the building has been vacant for more than four months and, besides the building itself, all that remains on the property presently are an overhead fuel pump canopy and a pylon sign. The canopy and sign are technically noncompliant accessory structures according to City code.

The last yet-mentioned principal structure currently located within the project area is the aforementioned two-tiered, public parking deck. The City owns and maintains this property, having built the parking deck in 1993. The City also owns and maintains two surface parking lots within the Project Area having, in the aggregate, surface area of approximately 44,000 square feet.

All told, the Project Area comprises approximately 4.8 acres of contiguous land, containing 9 individual land parcels and the public rights-of-way within State, North River, and East Wilson Streets and North and South Washington Avenues. For the purposes of this study, when the term “parcel” is used, we refer to an individual tract of land with its own separate “Parcel Identification Number” (or PIN), as ascribed by the Kane County Supervisor of Assessments. A parcel may or may not be identical to an individual private property, under a single ownership entity. Often two or more contiguous parcels are combined to make up one private property owner’s real estate holding, or lot. Consequently, in searching property records, one may find that a building, together with a nearby accessory building, driveway or parking lot, may be under the same ownership, have a single street address and be located on a single parcel. On the other hand, these conditions may alternatively exist on or across two or more separate parcels, each with its own PIN. Property conditions described herein will be attributed to parcels, buildings and/or structures wherever the need for specific clarity is warranted.

Of the nine total parcels within the Project Area, there are six containing buildings/structures where a principal zoning activity has been established. Four of these parcels are commercial in principal use (111 and 206 E. Wilson St.), though presently each contain a single, vacant building. Of the six parcels containing a building, one is currently institutional in use (the former church). Finally, two parcels contain the aforementioned parking structure and surface lots. (See Fig. 2, Existing Land Use Map).

Section IV. ELIGIBILITY FINDINGS

Field surveys were completed for the Project Area during April and May, 2016 (See Table 1 for Properties, By Associated Street Address). These surveys included the on-site inspection of each property and associated building(s), photographing and completing field notes for each parcel. Said photographs and notes are on file with the City's Economic Development Office and serve to further document the observed conditions. With respect to existing utility conditions, field observations were supplemented with information from City's Public Works Department. The results of the survey are summarized below.

A. Age of Buildings. Based on field analysis, Township Assessor's records, the aforementioned Sanborn Insurance Maps and John Gustafson's Historic Batavia, 5 of the 6 principal buildings (or 83%) and 5 of the 8 total buildings (62.5%) are documented to be more than 35 years old. This exceeds the statutory requirement that at least 50% of the buildings in a conservation area be 35 years of age or older.

All buildings that are documented as 35 years of age or older and subject to this eligibility characteristic are well distributed throughout the district as a whole (see Table 2 and Figure 3). *Therefore, age is a contributing factor in the eligibility of the Project Area as a TIF District.*

B. Dilapidation. Dilapidation refers to an advanced state of disrepair or neglect of necessary repairs to the primary structural components of buildings or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.

Although the former First Baptist Church building at 133 E. Wilson Street is clearly in a state of significant dilapidation, this factor is not otherwise prevalent throughout the project area and therefore, this condition does not contribute to the designation of the Project Area.

C. Obsolescence. Obsolescence is the condition or process of falling into disuse. Obsolete structures have become ill-suited for the original use.

Due to current code requirements for assembly use and occupancy, the former Baptist Church building is ill-suited for church use at present. Further, the original use established for the building at 111 E. Wilson Street, manufacturing/light assembly, could not be reestablished at the subject property without someone undertaking significant physical improvements to the building. However, the remaining four existing structures (or 67% of all principal structures) within the project area are not obsolete or falling into disuse and, as such, this condition does not contribute to the designation of the Project Area.

D. Deterioration. According to statute, deterioration is a condition evidenced by the physical state of buildings and/or surface improvements in the Project Area. With respect to buildings, deterioration refers to defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia. With respect to surface improvements, the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas may show evidence of deterioration, including, but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding through paved surfaces.

There is evidence of deterioration on all six parcels containing a principal structure (including the parking deck) within the total nine-parcel Project Area. Further, improvements within the Project Area public rights-of-way show evidence of deterioration pursuant to the statutory definition above. (See Fig. 4).

As there is evidence of deterioration of both building and surface improvements at or abutting most parcels within the Project Area, this factor contributes to the designation of a conservation area.

E. Presence of Structures Below Minimum Code Standards. Structures below minimum code standards include all structures that do not meet the standards of zoning, subdivision, building, fire, and other governmental codes applicable to property, but not including housing and property maintenance codes. It should be noted that many of these structures may not meet minimum standards but are not necessarily in violation of the applicable codes, as there are numerous examples where when this condition exists, the structure is in a legal, non-conforming status, having been established prior to current land development regulations.

The City's Community Development Department staff regularly identifies, inspects and updates records, including photographs, to document structures that generally do not comply with minimum code standards. These records, coupled with the aforementioned field observations, prove the presence of such structures below minimum code standards within the Project Area. The capital investment required to bring these structures into minimum code compliance, where possible, may pose a significant economic challenge, discouraging the redevelopment and/or adaptive re-use of these properties.

Specifically with respect to the City's Zoning Ordinance, all properties containing buildings within the Project Area have one or more conditions that are below standards. Examples of such conditions include non-compliant parking assets (both in number of spaces and lot design) and the absence of conforming refuse enclosures. Various "grandfather" entitlements have expired, resulting in certain properties now containing illegal structures on site (e.g., the former gas station's canopy, pumps, pump islands, and freestanding sign). Further, there is evidence of nonconforming conditions concerning required wall transparency (former Church and existing dental office), and adherence to street setback requirements (former Church and gas station).

All or nearly all project area buildings are non-conforming with respect to fire suppression and fire alarm systems. Finally, across the project area generally, one also finds non-compliance with the federal American with Disabilities Act (ADA).

Due to the many and varied documented cases where structures are below minimum codes standards throughout the Project Area), this factor contributes to the designation of a conservation area.

F. Illegal Use of Individual Structures. Illegal use of individual structures refers to the use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards. Whereas some structures within the Project Area were determined to be in violation of City codes and standards, there are no known uses in violation of State or Federal regulations. Therefore, this factor does not contribute to the designation of the Project Area as a conservation area.

G. Excessive Vacancies. Evidence of excessive vacancies refers to the presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies.

In terms of total building floor area within the project area, the total floor area representing the three essentially vacant, principal buildings located at 115, 133 and 206 E. Wilson (former Service Master, Church and gas station buildings, respectively) is approximately 14,700 square feet. When comparing this figure with that of the approximately 3,200 square feet comprising the combined floor area of the two

occupied buildings at 113 and 121 E. Wilson (dental and insurance office buildings), some 82% of the total floor area of all buildings (this does not include the parking deck structure at 20 North River Street) within the Project Area is essentially vacant.

After considering the extent of building vacancy within the subject area, it is clear this factor does contribute to the designation of the Project Area as a conservation area.

H. Lack of Ventilation, Light, or Sanitary Facilities. Inadequate ventilation is characterized by the absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke, or other noxious airborne materials. Inadequate natural light and ventilation means the absence or inadequacy of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refers to the absence or inadequacy of garbage storage areas, bathroom facilities, hot water and kitchens, and structural inadequacies preventing ingress and egress through interior spaces within a building.

This condition is not prevalent within the Project Area and does not contribute to the eligibility of the area.

I. Inadequate Utilities. This factor concerns the condition of underground and overhead utilities, such as storm structures, sanitary sewers, water lines, and gas, telephone, and electrical services. Inadequate utilities are those that are: (i.) insufficient in capacity to serve the uses in the redevelopment project area, (ii) deteriorated, antiquated, obsolete, or in disrepair, or (iii) lacking within the redevelopment project area.

There are sufficient and adequate public electric and water utilities presently serving the Project Area and, as such, this condition does not contribute to a determination of the eligibility for the area.

J. Excessive Land Coverage and Overcrowding of Structures and Community Facilities. This factor relates to the over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as one exhibiting excessive land coverage are: the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking, or inadequate provision for loading and service.

As the Project Area is wholly located within an historic downtown, one would anticipate higher building density and degrees of land coverage. In fact, the City's planning and zoning documents largely encourage this land use pattern in the City's downtown still today. In light of this fact, the conditions of "excessive" land coverage and "overcrowding" of structures and community facilities are not prevalent within the Project Area and therefore do not contribute to the eligibility of the area.

K. Deleterious Land Use or Layout. Deleterious land uses include the existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses, or uses considered to be noxious, offensive, or unsuitable for the surrounding area.

Except for former Service Master building, which was originally constructed and remains physically more characteristic of an industrial building than one suitable for downtown commercial or residential use, and the auto fuel and service station parcel, deleterious land use is not prevalent in the Project Area. If one

were to argue the prevalence of deleterious layout within the Project Area, such an argument is more suitably made below in paragraph L. “Lack of Community Planning”. As such, neither deleterious land use nor deleterious layout is a contributing factor with respect to determining eligibility.

L. Lack of Community Planning. Lack of community planning occurs when the proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards, or other evidence demonstrating an absence of effective community planning.

The City of Batavia adopted its first zoning ordinance in 1946 and approved its first land use plan, “A Plan for the City of Batavia, Illinois” in 1953. As presented above in Section III, the Project Area was essentially fully subdivided through survey and platting before 1850, with re-subdivisions occurring to accommodate property purchases and developments throughout the remainder of the nineteenth century. In short, the Project Area was developed prior to the adoption of any comprehensive or community plan for the subject area.

Examples of the lack of community planning across the Project Area include a subdivision of land resulting in a flag lot, multiple properties relying on private easements to access public streets and parking areas, building encroachments onto adjacent properties and parcels that are today, ill-suited to accommodate independent redevelopment. The aforementioned industrial buildings (former Service Master) juxtaposed within the context of office (dentist and insurance agent) and institutional uses (former First Baptist Church), as well as the auto fuel and service station immediately adjacent to neighboring downtown, pedestrian-friendly uses (retail, office, banking, church) speak to demonstrating incompatible land-use relationships within the Project Area.

There is sufficient evidence demonstrating the lack of community planning within the Project Area to indicate that this factor contributes to a finding of eligibility.

M. Environmental Clean-Up. This factor is relevant when the area has incurred Illinois Environmental Protection Agency (IEPA) or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for the clean-up of hazardous waste, hazardous substances, or underground storage tanks required by State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.

There are properties within the Project Area where there is sufficient data and history to indicate that certain clean-up activities will be necessary to remediate environmental concerns there. The City's environmental consultant has found floor tiles containing asbestos in the former Church building. Considering the age of the other buildings on site, there is some likelihood of additional asbestos found within the Project Area.

Additionally, results from preliminary soil borings and trench excavation indicate evidence of petroleum based products within subsurface soils on the former Church property, though not in amounts that would result in significant handling and disposal costs. Finally, in light of the fact that automobile service, including engine repair, and fuel sales have occurred for decades at 206 E. Wilson Street, it is likely, though not yet proven, that environmental remediation activities will be required in redeveloping this parcel, particularly if the proposed redevelopment contemplates residential uses on site.

With information currently available, one cannot prove the need for environmental clean-up within the Project Area sufficient to show that the costs of same constitute a material impediment to the development or redevelopment of the redevelopment project area and therefore environmental clean-up is not a contributing factor in determining the eligibility of the subject study area for conservation area designation.

N. Decline in Equalized Assessed Value (EAV). This factor can be cited if the total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years for which information is available; or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available; or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years for which information is available.

The 2010 – 2015 Project Area EAV totals are shown below. As shown, these values have declined three of the last five years and have not kept pace with CPI growth. As such, the decline in EAV is a contributing factor toward the designation of the Project Area as a conservation area.

ID No.	PIN	Address	2010	2011	2012	2013	2014	2015
1	1222276009	111 E. Wilson	\$ 29,525	\$ 30,074	\$ 30,597	\$ 17,900	\$ 0	\$ 0
2	1222276010	113 E. Wilson	\$ 45,717	\$ 46,567	\$ 47,377	\$ 41,640	\$ 42,469	\$ 43,850
3	1222276011	115 E. Wilson	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
4	1222276012	(Driveway - 111)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
5	1222276013	(Driveway - 111)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
6	1222276014	121 E. Wilson	\$ 36,777	\$ 37,461	\$ 38,113	\$ 32,266	\$ 26,945	\$ 27,820
7	1222276022	20 N. River St	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
8	1222276023	133 E. Wilson	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
9	1222280001	206 E. Wilson	\$ 305,519	\$ 311,201	\$ 316,616	\$ 316,616	\$ 286,439	\$ 274,406
			\$ 417,538	\$ 425,303	\$ 432,703	\$ 408,422	\$ 355,487	\$ 346,076
Project Area-Wide Percent Change From Prior Year				1.86	1.74	-5.61	-13.0	-2.64

	2010	2011	2012	2013	2014	2015
Consumer Price Index - 2010-2015	1.5	3.0	1.7	1.5	0.8	0.7

Section V. CONCLUSION

Based on the findings contained herein, the Project Area qualifies as a conservation area according to the criteria established by the Act, based on the predominance and extent of parcels exhibiting the following characteristics:

Age;
Deterioration;
Presence of Structures Below Minimum Code Standards;
Excessive Vacancies;
Lack of Community Planning; and
Decline in Equalized Assessed Valuation.

Each of these factors contributes to the eligibility of the Project Area as a conservation area. All of these characteristics point to the need for designation of the Project Area as a tax increment financing district, which will make possible public intervention in order that redevelopment might occur. Further, it should be noted that though some of the conditions mentioned in this report are not substantially prevalent enough to be considered as qualifying elements, designating Washington-Wilson District as a Conservation Area Tax Increment Financing District could enable the City and private investment interests to address and ameliorate these conditions.

APPENDIX B

Most Recent Certified Equalized Assessed Values (EAVs) For All Properties Located Within the Redevelopment Project Area

<u>Property By Parcel ID No.</u>	<u>Property By Common Address</u>	<u>2015 Certified Equalized Assessed Value</u>
12-22-276-009	111 E. Wilson St.	\$ 0
12-22-276-010	113 E. Wilson St.	\$ 43,850
12-22-276-011	115 E. Wilson St. (Vacant)	\$ 0
12-22-276-012	111 E. Wilson St. (Drive)	\$ 0
12-22-276-013	111 E. Wilson St. (Drive)	\$ 0
12-22-276-114	121 E. Wilson St.	\$ 27,820
12-22-276-023	133 E. Wilson St.	\$ 0
12-22-280-001	206 E. Wilson St.	<u>\$274,406</u>
TOTAL 2015 Certified EAV for Project Area		\$346,076

CITY OF BATAVIA

TO: Committee of the Whole
FROM: City Administrator Laura Newman
RE: Draft Redevelopment Agreement: Substantive Changes from July 12th Draft
DATE: August 12, 2016

Please find attached the current draft Redevelopment Agreement (RDA) between 1 N. Washington L.L.C. and the City of Batavia. There have been changes made since the last draft you received, dated July 12, 2016. Here below summarizes, by Agreement Section, the substantive changes to the RDA since that July 12th Draft:

Recitals:

D.1. Changes approximately 300 to 359 public parking spaces and 171 to 186 apartment units.

D.3. (and Exhibit H) Developer is responsible for the costs of on-site utility improvements only. City will be responsible for all off-site utility improvements. It should be noted that costs of all public utility improvements, whether on-site or off-site, are reimbursement-eligible under TIF.

I. Bond issue increased from \$13,000,000 to \$14,000,000, in recognition of additional parking garage construction costs. Estimated reimbursement to developer is \$14,000,000 but a paragraph establishes a maximum reimbursement to developer of \$16,000,000, or total of all TIF increment reimbursable costs, whichever is less. More information on these two matters is presented in Sections 2.11 (“Bond Issuance”), 2.08 (“TIF Financing and Cost Reimbursement”) and 4.04.d (“Priority Reimbursement”).

Agreement Sections:

Sect. 1.04.d. Developer is required to post a surety bond to cover City’s bond interest cost during the period between bond issue and Developer obtaining financing and/or in the event the Developer does not proceed with project as planned. in the event is established

Sect. 2.11. City to issue bonds in the amount of \$14,000,000 and, at its discretion, may issue two or more bond issues and in the form of tax exempt or non-tax exempt bonds.

Sect. 2.14. In exchange for the Developer constructing additional public parking spaces at its expense (though to be reimbursed by TIF), City shall waive all fees normally charged for development permitting and approvals.

Sect. 2.16.c. The “Back Up” SSA rate is established at \$10.00 per \$100 assessed valuation annually.

Sect. 3.03.d. Back Up SSA tax to be levied each year, as necessary to meet financial obligations (e.g., principal and interest on bonds, school district per capita operating costs) that cannot be met from property tax increment alone.

Sect. 4.04. (d) (and Exhibit N). A “Priority Reimbursement” schedule is established to determine the order in which cost activities will be reimbursed from the bond proceeds net of the bond issuance costs. After the bond obligations are paid off, providing that the bond obligations are paid off by the tax increment prior to the expiration of the term of this Agreement (i.e., the development generates higher assessed values and resulting tax increment than expected, the developer and the City will be splitting the additional increment on a dollar per dollar basis to pay off our respective outstanding TIF-eligible costs until the TIF expires. For example, for the City, these would include off-site utility improvements property acquisition, environmental remediation and demolition. The Developer’s total reimbursement amount for the project will be capped at \$16,000,000. The City’s total reimbursement is not capped.

Sect. 5.04. A “True Up” provision is established such that after the Project is completed and the initial EAV for the improved Redevelopment Site and tax rate on the initial EAV for the improved Redevelopment Site is determined, the parties shall review the increment projections annually over the life of the TIF District and identify the minimum annual increment necessary to retire the bond obligations as they come due and the minimum EAV necessary to produce that increment at the current tax rate (the “Minimum Continuing EAV”) and whether the projected schedule for retiring the bonds is sufficient to retire the bonds as they come due over the life of the TIF.

Periodic “true up” review is also established at Sect. 5.04(b). Pursuant to Sect. 5.04.c., a “true up” will also occur with respect to the SSA tax needs, per Sect. 3.03.d described above. And, finally, with respect to the SSA true up, if ultimately it is shown that the SSA levy imposed on the Developer, as required to meet financial obligations per Sect. 3.03.d. is later found to amount to an overpayment, due to higher than anticipated increment revenues during the term of the TIF, Developer is entitled to reimbursement of such overpayment into the SSA fund.

Comments or Questions

Staff will present this information at the Committee of the Whole meeting Tuesday. If you have any questions or would like clarification on any of the terms of the RDA prior to then, please feel free to contact me or the appropriate staff member.

DAP comments: 7/18/16
KM revisions July 21, 2016 (with CA 7/20/2016 insertion)
KGD revisions July 27, 2016
KGD revisions 8-2-2016 after final meeting
KGD revisions 8-11-16 redlined from 8-2-16
Batavia, Illinois

Draft for Review and Comment Only
Not for Execution
Subject to Internal Staff, City Attorney and
Bond Counsel Review

REDEVELOPMENT AGREEMENT
(1 NORTH WASHINGTON AVENUE)

BETWEEN

1 N. WASHINGTON L.L.C.,
AN ILLINOIS LIMITED LIABILITY COMPANY

AND

CITY OF BATAVIA,
AN ILLINOIS MUNICIPAL CORPORATION

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Exhibit A – Legal Description for 1 N. Washington (“Church Property”)

Exhibit B – Legal Description for the City parking lot parcels, 20 N. River St., 111 E. Wilson St. and 115 E. Wilson St.

Exhibit C – Legal Description for 113 E. Wilson (“Fisher Property”)

Exhibit D – Legal Description for 121 E. Wilson (“Frydendall Property”)

- Exhibit E – Legal Description for the Easement in favor of 8 N. River Street and 109 E. Wilson Street (“8 N. River and 109 E. Wilson Easement”)
- Exhibit F – Legal Description for 8 N. River Street and 109 E. Wilson (“Easement Benefitting Property”)
- Exhibit G - Legal Description for all parcels (“Redevelopment Site)
- Exhibit H –Public Improvements
- Exhibit I – Preliminary Plans
- Exhibit J – Real Estate Purchase and Sale Agreement
- Exhibit K – SSA Ordinance Form
- Exhibit L – Surety Forms
- Exhibit M - Memorandum of Recording Form
- Exhibit N - Priority Reimbursement Schedule

1 NORTH WASHINGTON. REDEVELOPMENT AGREEMENT

THIS 1 NORTH WASHINGTON REDEVELOPMENT AGREEMENT (this "Agreement"), dated as of _____, 2016 (the "Effective Date" or such later date that Developer is in possession of a fully executed copy of this Agreement in which event such later date shall be the Effective Date), is made and entered into by and between **1 NORTH WASHINGTON L.L.C.**, an Illinois limited liability company ("Developer"), and its assigns and **CITY OF BATAVIA**, an Illinois municipal corporation ("City"). Developer and City are sometimes hereinafter together called the "Parties" or individually a "Party".

RECITALS

A. City has the authority to promote the health, safety and welfare of City and its inhabitants, to prevent the spread of blight and to encourage private development in order to enhance the local tax base, create employment, and to enter into contractual agreements with third parties for the purpose of achieving the aforesaid purposes.

B. The City currently owns the property acquired from the First Baptist Church located at 1 N. Washington, Ave. Batavia, IL, and legally described in the document attached hereto and incorporated herein by reference as **Exhibit A** (the "Church Property"), as well as the former Service Master property at 111 E. Wilson Street, vacant property at 115 E. Wilson and current City parking lots at 20 N. River Street, such properties legally described in the aggregate in the document attached hereto and incorporated herein by reference as **Exhibit B** (the "City Property").

C. The properties located at 113 E. Wilson St. Batavia, IL legally described in the document attached hereto and incorporated herein by reference as **Exhibit C** ("Fisher Property") and 121 E. Wilson St. Batavia, IL legally described in the document attached hereto and incorporated herein by reference as **Exhibit D** (the "Frydendall Property") the driveway easement legally described in the document attached hereto and incorporated herein by reference as **Exhibit E** (the "8 N. River and 109 E. Wilson Easement") running in favor of the property at 8 N. River St. and 109 E. Wilson St. legally described in the document attached hereto and incorporated herein by reference as **Exhibit F** ("8. N. River and 109 E. Wilson Easement Benefitting Property"), are presently owned by third parties and shall be acquired by the City and, together with the aforementioned Church Property, former ServiceMaster property and current City parking lots comprise all of the property legally described in the document attached hereto and incorporated herein by reference as **Exhibit G** (the "Redevelopment Site" or "Site").

D. Developer desires to redevelop the Site with a Multi-Story, Mixed Use building on top of a public parking garage with other associated site improvements consisting of the following (the "Project" or "Project Improvements"). Multi-Story, Mixed Use building shall consist of the following:

(1) A Two Story Public Parking Facility/Commercial Space. The lower two stories of the improvement shall include a two-story, approximately 300 space parking facility with a portion of the first story and second stories set aside for commercial space with the following characteristics:

(a) Public Parking Facility. The Public Parking Facility shall accommodate approximately 359 daytime and overnight public parking spaces, as more specifically provided in Section 4.04 (a) and (b).

(b) Commercial Space. The commercial space shall be approximately 6,300 square feet built on top of the partially underground parking facility along River Street and approximately 8,345 square feet of built at the second floor level along E. Wilson Street, for a total of 14,645 square feet.

(2) Residential Space. The residential space (Residential Space) shall consist of four (4) stories (stories 3, 4, 5 and 6) and consist of approximately 186 residential units located on top of the Public Parking Facility and commercial space.

(3) Public Improvements. The Public Improvements shall include, but not be limited to, the Public Parking Facility and all required site preparation, public utilities, including onsite water, onsite storm sewer, onsite sanitary sewer, onsite electrical, and public street (including the II Rt. 25 turn off lanes), sidewalk, right-of-way and offsite streetscape improvements identified more specifically in the document attached hereto and incorporated herein by reference as **Exhibit H** (the "Public Improvements"), but shall not include the costs associated with improvements necessary to construct the Residential Space and Commercial Space, which improvements are hereinafter referred to as Private Improvements. The parties agree that proration of some costs shall be necessary as specifically identified in this Agreement. No offsite electric, water, sanitary collection or storm sewer system improvements are needed as part of this Project, except those costs required to connect to public utilities located in public right-of-way immediately adjacent to Redevelopment Site.

E. In connection with the Project, Developer shall cause a subdivision of real property, re-conveying to the City a portion of the redeveloped property once it is completed consisting of the Public Parking Facility certain utility and/or other easements. Additionally, the City shall be granted those rights, and shall be subject to those conditions relating to the operation and maintenance of the Public Improvements.

F. The City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, (65 ILCS 5.11-74.4-1) as amended (the "Act"), to finance redevelopment in accordance with the conditions and requirements set forth in the Act.

G. In order for the Project to be economically feasible for the Developer and to stimulate and induce the redevelopment of the Redevelopment Site, the City has agreed to fund the land acquisition costs and to fund some of the Project costs, and pursuant to the Act. The following ordinances have been adopted by the City establishing the existing TIF districts that affect the Redevelopment Site:

Ordinance No. 89-80, "Ordinance Approving the Riverfront Tax Increment Redevelopment Plan and Riverfront Redevelopment Projects,"

Ordinance No. 89-81, "Ordinance Designating the Riverfront Tax Increment Project Area," and

Ordinance No. 89-82, "Ordinance Adopting Tax Increment Financing for Riverfront Redevelopment Project," all properly adopted by the City Council of the City of Batavia on December 4, 1989.

Ordinance No. 04-09, being an Ordinance Approving the Downtown Tax Increment Redevelopment Plan and Riverfront Redevelopment Projects;

Ordinance No 04-08, being an Ordinance Designating Downtown Tax Increment Project Area; and

Ordinance No. 04-10, being an Ordinance Adopting Tax Increment Financing for Downtown Redevelopment Project," all properly adopted by the City Council of the City of Batavia on March 15, 2004; and

These ordinances, which have been extended by law, are referenced herein as the "Existing TIF Ordinances".

H. The Redevelopment Site is located partially within both the Riverfront Tax Increment Project Area and Downtown Tax Increment Project Area referred to above. In order for the Project to be economically feasible for the Developer and to stimulate and induce the redevelopment of the Redevelopment Site, the City has agreed to use its

best efforts to disconnect the Redevelopment Site from the existing TIF districts and create a new Tax Increment Project Area (hereinafter "Redevelopment Area"), Plan and Project under the applicable statutes. Said creation will withdraw the Redevelopment Site from the redevelopment areas in which it is now located and place it within the Redevelopment Area to be created. In the event City is unable to disconnect the Redevelopment Site from existing TIF districts and create a new Tax Increment Project Area, City shall reimburse Developer its reasonable costs incurred in connection with the Project.

I. For the purpose of paying a portion of the Project Costs, the City Council contemplates reimbursement of TIF reimbursable costs to the Developer in an amount of approximately \$14,000,000, including capitalized interest on the bonds to be issued, and ranging up to \$16,000,000, depending on the amount of increment generated from the Project, but not exceeding all of the TIF eligible costs as more fully provided herein.

J. Mayor and the City Council have determined that the Project on the Redevelopment Site will spur on economic growth in the downtown area, creates jobs and stimulate the local economy and without the financing provided by the City, the Project would not be economically viable and the redevelopment would not occur.

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

The recitals set forth above are incorporated herein as material components of this Agreement

ARTICLE I

Duties and Covenants of Developer

1.01 Duties of Developer. It is acknowledged and agreed that the Project, this Agreement and all Duties of Developer under this Agreement are conditioned on the "Contingencies" as provided and defined in **Article III Contingencies** below. Notwithstanding such Contingencies, Developer shall, in its reasonable discretion proceed with all of the "*Preconstruction Duties*" (hereinafter described in Sections 1.02, 1.03 and 1.04), so that upon the satisfaction or written waiver of the Contingencies to its performance, construction of the "*Improvements*" (hereinafter defined) may commence as soon as reasonably practicable. The foregoing to the contrary notwithstanding, Developer retains the right, from time to time, to terminate the Agreement as provide in Section 3.04.

1.02 Duties of Developer Prior to Acquiring the Redevelopment Site. For purposes of this Agreement, *Duties of the Developer Prior to Acquiring the Redevelopment Site* shall consist of the following:

(a) Zoning & Preliminary Plan. Not later than sixty (60) days after the City acquires title to the Fisher and Frydendall properties and extinguishes the 8 N. River and 109 E. Wilson Easement, and provides written notice thereof, Developer shall submit to the City applications for zoning and preliminary plan approvals, including, but not necessarily limited to, site plans, preliminary engineering, preliminary landscape plans and preliminary building elevations "Planned Development Overlay Zoning District Approvals" substantially consistent with the 8-sheet plan set prepared by Nagle Hartray dated June 29, 2015, as updated on June 30, 2016, titled Batavia Preliminary Renderings attached hereto and incorporated herein by reference as **Exhibit I** (the "Preliminary Plans"), previously deemed suitable and appropriate for the Redevelopment Site, and submit materials required for City approval illustrating connections to City public utilities, the grant of easements benefiting City for same, the grant of easements that are necessary for utilities and other purposes.

(b) Pro Forma. The Developer has previously submitted on June 22, 2015, as amended, a pro forma estimate of building costs, financing and financing gaps, and may supplement the pro forma prior to acquisition of the Redevelopment Site. The pro forma shall be considered a material component of this Redevelopment Agreement, but shall be not attached as an exhibit or be considered a public document; and the pro

forma and any and all references to and recitals of the pro forma information and any written review, analysis or report by the City or third party professional consultant retained by the City, shall be protected from disclosure to the public pursuant to Section 7(g) of the Freedom of Information Act (5 ILCS 140/7(g)). The City's agreement and obligation to provide the financing of the Project is made in reliance on the pro forma submitted by the Developer with the intention to make the Project economically feasible. The Developer has an obligation to seasonably update the pro forma to the City for any material changes that occur.

1.03. Acquire Redevelopment Site from City. Subject to the *Contingencies Precedent to Acquisition* identified in Section 3.02(a), and not later than sixty (60) days after the last of the Section 3.02(a) contingencies are satisfied or the City takes title to all the property in the Redevelopment Site, whichever is later, Developer shall acquire the Redevelopment Site from the City for the sales price of \$10.00 (Ten Dollars and No Cents), pursuant to the terms and provisions of the Purchase Agreement in substantially the same form as the agreement attached hereto as **Exhibit J**.

1.04. Duties of Developer Prior to Construction of the Project. Subject to the *Conditions Precedent to Developer Construction* identified in Section 3.02(b), the Developer shall perform the following *Duties of Developer Precedent to Project Construction* within the time frames stated below for each item after Developer's acquisition of the Redevelopment Site:

(a) Plat of Consolidation. Not later than ninety (90) days after acquisition of the Redevelopment Site, Developer shall obtain City approval of connections to City public utilities and grant of easements benefiting City, grant the easements that are necessary for utilities and other purposes to the City and record them and to obtain approval and record a plat of consolidation of the various parcels comprising the Redevelopment Site into one parcel. Developer shall cooperate with City to ascertain and identify those portions of the Project which are related to the Public Parking Facility and other Public Improvements for purposes of satisfying the City's bonding requirements. The Developer may extend the deadline for the approval and recording of the Plat of Consolidation another ninety (90) days for good cause shown by giving notice in writing thereof, but in any event the recording of the Plat of Consolidation shall be done prior to the issuance of the building permit.

(b) Final Engineering, Construction Plans and Approvals. Within one hundred eighty (180) days of acquisition of the Redevelopment Site, Developer shall submit application, if not already submitted, for approval of all permits, consents, authorizations, necessary for the Project construction and the final site plan approvals and engineering plans, site plan, and such other submittals as are necessary and required for the Project consistent with the Preliminary Plans to the City for review and approval (the "Final Plans").

(c) Secure Construction Financing for the Improvements. Within one hundred eighty (180) days after Developer acquires Redevelopment Site, Developer shall secure a binding loan commitment from a lender of its choosing at interest rates acceptable to Developer.

(d) Temporary Surety for Bond Interest. If there will be any gap between the approval of the City bond issuance and the submission of the surety bond for performance and payment of the Project, as provided in subparagraph (g) below, the Developer shall, no later than five (5) days prior to the scheduled approval of the bond issuance, provide proof to the City of the maintenance of a surety bond covering the interest on the bonds over the life of the bond obligation in the event the Developer is unable to obtain financing acceptable to the Developer or the Project does not otherwise proceed forward as the parties have planned. The Temporary surety may be released or used to help satisfy the performance and payment bond obligation required in subparagraph (g) below.

(e) Apply for Building Permit. Not later than one hundred eighty (180) days of acquiring the Redevelopment Site or ninety (90) days from the City approval of Zoning and the Final Plan, whichever is later, Developer shall file an application and all of the documentation necessary to obtain the necessary building and related permit(s).

(f) Finalize Construction Contracts. Not later than ninety (90) days after Developer secures its financing approval, Developer shall finalize and issue the contracts for construction of the Project, and obtain from the project general contractor guaranteed pricing of general project construction components, and provide copies of same to the City Community Development Department.

(g) Surety for Performance and Payment. Not later than thirty (30) days after Developer secures its financing approval, and prior to the issuance of a building permit, Developer shall post a letter of credit or bond in the amount equal to 115% of estimated construction costs as surety for performance and payment of constructing the Project Improvements as required by the Batavia Municipal Code in the form attached hereto as **Exhibit L**. The surety for the Public Improvements may be separate from the surety for the balance of Project costs. The City shall authorize the reduction of the surety from time to time as the Project progresses and construction components are completed to the satisfaction of the City, and provided the Developer shows proof of payment to contractors and/or subcontractors for the subject work, accordingly. Reductions shall be requested no more often than monthly and shall be limited to completed components of the construction. Components shall be considered completed though punch list items remain to be addressed.

(h) Insurance. Not later than fifteen (15) days after Developer secures financing approval, and prior to the issuance of a building permit, Developer shall provide proof of insurance in an amount reasonably acceptable to the City Attorney, naming the City, its employees, officers and agents as named insureds in the amount of 115% of the estimated cost of building completion until the Project is completed.

(i) Condominium Declarations and Covenants Affecting the Development Site. The parties shall agree upon a set of condominium declarations and covenants that apportion the relative rights and duties of the parties to maintain and manage the various elements within the Project. Said documentation shall contain provisions which prevent amendment to said declaration of the respective rights and duties of the parties unless mutually agreed upon by the parties, including property owners associations that may come into existence in the future. The covenants shall be consistent with the public nature of the parking facility, and no provisions shall be included or allowed to be included in the future that would jeopardize the tax exempt nature of the bonds the City will use to fund the Public Parking Facility improvements as long as the bonds are outstanding. Developer may, but is not required to, include all of the residential units as condominium units at any point in time.

1.05. Construction Duties of Developer. After the Developer has completed and satisfied all of the *Duties of Developer Prior to Project Construction*, waived or deemed satisfied of all *Conditions Precedent to Developer Construction* identified in Section 3.02(b) and issuance of a the building permit and other approvals for construction of the building, the Developer shall:

(a) Begin Construction of the Project. Begin construction of the Project within ninety (90) days of the issuance of the building permit in accordance with, and subject to: (i) this Agreement, (ii) the applicable local, state and other laws and regulations ("Applicable Laws"), and (iii) the Final Plans and specifications; and

(b) Completion of the Public Parking Facility. Developer shall diligently proceed to complete the improvements and shall substantially complete the Public Parking Facility within eighteen (18) months from the date of the issuance of the building permit. Substantial completion of the Public Parking Facility for purposes of this Section means that the construction is completed, but for punch list items and the one-year maintenance obligations and a request for a certificate of occupancy has been submitted.

(c) Completion of the Project. Subject to the provisions of Paragraph 5.06(d)(x), the Developer shall diligently proceed to complete all of the improvements and shall substantially complete the Project, including all remaining Public Improvements, within twenty-four (24) months after the date of substantial completion of the Public Parking Facility as determined by the City Engineer. Substantial completion of the Project means the constructions is completed, but for punch list items, and a request for a certificate of occupancy permit has been submitted for the residential portion of the Project ("Project Completion").

1.06. Developer's Standard of Performance. Developer shall perform all such duties enumerated in Sections 1.01 through 1.05, with the level of care, competence, judgment, diligence and performance which can reasonably be expected of a real estate development firm in the greater metropolitan area of City of Chicago having experience in the type of development required pursuant to the Project Plan.

1.07. Disruption of Public Use or Public Property. Developer shall undertake the completion of the Project in a manner that is in the best interest of the Project, while acknowledging that the Redevelopment Site is bordered in part by public streets and walks. Developer shall perform all acts reasonably necessary to provide for continued public use of such affected sidewalks and streets without delaying the Project. Developer shall not disrupt the public use of City streets, City sidewalks and other City property without prior approval by the City of a reasonable detour plan, which approval of the City shall not be unreasonably withheld, conditioned or delayed, and Developer shall use its diligent, good faith and reasonable efforts, at all times and in a manner consistent with the Project Plan, to minimize the disruption to the public, and to obtain any approvals required of the State (IDOT) affecting roads under State jurisdiction such as Washington Street and Wilson Street, both of which function as part of Illinois Route 25 with the cooperation of the City. Both parties acknowledge that some road closure will be necessary for at some time or times during the construction of the Project that may extend for weeks or months, but the parties shall coordinate together to minimize those closures and, specifically, to minimize any closures of that portion of the roads that are part of Illinois Route 25.

1.08. Prevailing Wage Act. Developer hereby acknowledges that the Public Improvements must be completed in compliance with the Prevailing Wage Act 820 ILCS 130/.01 et seq. Developer shall insure that every contract and subcontract, purchase order and invoice (in the event there is no written contract) must contain a written requirement that all work done under such contract, subcontract, purchase order or invoice must be done in compliance with the Prevailing Wage Act, including the obligation to pay not less than the prevailing rates of wages to all laborers, workmen, and mechanics performing work on the Public Improvements and in compliance with the requirements of the Illinois Wages of Employees on Public Works Act 820 ILCS 130/1-12, to the extent they are applicable, including without limitation, the submission of certified monthly payroll reports as required by 820 ILCS 130/5. Any failure to timely submit certified monthly payroll reports shall be cause for the withholding of payments otherwise due under this Agreement until compliance with the reporting requirements is achieved. Any bond or other surety furnished under this Agreement shall include such provisions as will guarantee the faithful performance of this prevailing wage clause. Compliance with the Prevailing Wage Act, to the extent that it applies, shall be the Developer's obligation, and the Developer shall indemnify and hold harmless the City from and against liabilities that might attach for non-compliance. It is acknowledged and agreed that the provisions of this Section 1.08 apply only to the construction of the above described Public Improvements, and not to the maintenance, repair and or replacement of same following initial construction except as required by law for the Public Improvements.

1.09 Plat of Condominium and Covenants. Not later than sixty (60) days from the acknowledgment of substantial completion, Developer shall record a Plat of Condominium and Covenants covering the Redevelopment Site, to separate out from the balance of the Site, the Public Parking Facility and its appurtenances.

1.10 Transfer of Title to the Public Parking Facility. Not later than thirty (30) days after the recording of the Plat of Condominium for the Redevelopment Site, and provided all payments due by the City to date have been made to the Developer, the Developer shall transfer clean title of the portion of the Redevelopment Site consisting of the Public Parking Facility and its public appurtenances to the City. Said transfer of title shall in no way terminate or lessen Developer's obligation to complete all duties in regard to the Public Parking Facility under this Agreement, including satisfaction of the one-year maintenance requirements.

1.11 Submittal of Eligible Cost Reimbursement Documentation. During the construction of the Public Parking Facility, but no more frequently than every thirty (30) days, and after substantial completion of the Public Parking Facility, the Developer shall submit (or shall have submitted as in the case of the Prevailing Wage Act) all

of the necessary documentation substantiating the Eligible Reimbursement Costs for that particular part of the Project, as set forth in Section 8.06, including, but not limited to, all of the following:

(a) **Receipts & Documentation of Eligible Costs.** Documentation and proof of costs incurred and payment for Eligible Project Costs, including invoices and other evidence of charges, canceled checks, checking account statements, receipts and other proof of payment and all partial and final lien waivers for each respective project portion.

(b) **Certified Payroll Records.** Certified payroll records for every employed individual working on the Project as required by the Prevailing Wage Act during the term of the work delivered to the City Finance Department at the end of each month for the Public Improvements, unless otherwise required by the Prevailing Wage Act.

1.12 Post Project Completion Duties.

(a) **Public Improvements One-Year Maintenance.** Following the issuance of the Certification of Completion for the Public Improvements that have been constructed, the Developer shall submit a Letter of Credit or reduce the performance and payment surety to the one-year maintenance amount for the Public Improvements, and Developer's sole obligation relative to said maintenance shall be to provide a one-year warranty for the construction of the Public Improvements. The Developer shall repair the Public Improvements as may be contemplated by the Batavia Municipal Code for the one-year period (sometimes referred to as a "One-Year Maintenance Obligation"); provided, however, notwithstanding anything to the contrary contained in any provision of the Batavia Municipal Code, the Developer's One-year Maintenance Obligation shall not be construed to obligate Developer to maintain, operate, supervise, manage, clean, inspect, remove snow, ice, debris, garbage or provide appropriate signage for the Parking Facility. All such obligations shall be and remain the obligation of the City.

(b) **After Project Completion.** After the Project is completed and as a condition of the issuance of occupancy permits, the Developer shall provide post completion surety in the form of a bond or other insurance in favor of the City providing in the alternative for replacement of the building or direct payment to the City of the outstanding bond payments in the event of destruction of the building ("Post Completion Surety"). Said Post Completion Surety shall provide for notification to the City in the event of nonpayment, nonrenewal or cancellation, shall reflect the City as an additional insured and shall include an endorsement assigning applicable insurance proceeds in the event of a covered loss only to the extent of the value the City is entitled to receive on an annual basis.

ARTICLE II

Duties and Covenants of City

2.01 Duties and Covenants of City. It is acknowledged and agreed that the Project, this Agreement and all Duties of City under this Agreement are conditioned on the "Contingencies" as provided and defined in **Article III Contingencies** below. Notwithstanding such Contingencies, City shall cooperate with the Developer to move the development process along so that upon the satisfaction or written waiver of the Contingencies, construction of the "*Improvements*" (as herein defined) may commence as soon as reasonably practicable. City covenants, represents and warrants to Developer that it has authority under Illinois Statutes to execute, deliver and fully perform the terms, provisions, and obligations of City under this Agreement

(a) **Best Interests of the Project.** To the extent that the City may act without sacrificing the interest of the Public, the City covenants and agrees to act reasonably in a manner which is not against the best interest of the Project, providing that the safety and convenience of the public using adjoining public streets and sidewalks is protected.

(b) Further the Timely Completion of the Project. To the extent that the City may act without sacrificing the interest of the Public, the City agrees to use its diligent, good faith and reasonable efforts, at all times and in a manner consistent with the Project Plan and its obligations to the community, to further the interests of the timely completion of the Project in accordance with the terms and provisions of the Project Plan.

2.02. Acquisition of Redevelopment Site Parcels. By December 31, 2016, the City shall acquire title at the City's expense to the Fisher Property and the Frydendall Property and obtain a release or otherwise extinguish the 8 N. River and 109 E. Wilson Easement and any other benefitted properties.

2.03 New TIF District. The City has initiated the process of disconnecting the Redevelopment Site from the existing TIF districts, shall work diligently to establish a new TIF district for the Redevelopment Site, and shall establish the new TIF district not later than February 17, 2017.

2.04. Demolition of Buildings. By March 15, 2016, the City shall begin the demolition of all buildings currently found on the Redevelopment Site, including but not necessarily limited to the buildings at 111, 113, 115, 121 and 133 East Wilson Street on the Redevelopment Site, but excluding the parking deck, staircases and retaining walls at 20 North River Street. The City may demolish the structures together at one time or separately at different times.

2.05 Environmental Testing and Clean Up. Not later than thirty (30) days after the demolition of the buildings on the Redevelopment Site, the City shall test the soil under the buildings and parking areas to determine the environmental condition of the Site and submit the results in writing to Developer. At this point, and at any point prior to the beginning of construction, if any environmental conditions are discovered that require clean up exceeding the cost of \$350,000, the parties will meet to assess the cost and effect of the required environmental remediation to enable the Project to be completed ("City Environmental Costs") and make a joint decision whether to proceed or terminate the Agreement, and either party may terminate the Agreement if no agreement is reached as provided in Sections 3.02(a)(ii), 3.03(a)(ii) and 3.04(c). Any environmental clean up to be done on the Redevelopment site by the City shall be done in an expeditious manner.

2.06 Demolition of Existing Parking Facilities. Within thirty (30) days after the Site is determined to be free of environmental conditions that must be remediated, the City will take action to initiate demolition of the parking lot, parking deck and remaining structures on the Site that must be removed to accommodate the redevelopment of the Site. The costs of demolition of any improvements including but not limited to buildings on the Site shall be known as City Demolition Costs.

2.07 Approval of Zoning, Subdivision, Preliminary Engineering and Site Plan and other Entitlements. City shall process the zoning and other development applications diligently, but in any event within ninety (90) days, in keeping with the regular Plan Commission, Historical Preservation Committee, Committee of the Whole and Council meeting schedule, all applications for zoning, subdivision and preliminary engineering and site plan approval for the Project that are complete and all applications that are in compliance with the City Codes, and other local, state and federal regulations that are applicable.

2.08. TIF Financing and Cost Reimbursement. The City hereby acknowledges and agrees that, according to the Developer's Pro Forma analysis, but for the provision of financing by the City, the Project would not be economically feasible. Subject to confirmation of Developer's Pro Forma analysis, City shall issue bonds to be retired as a general obligation of the City in the gross amount of \$14,000,000 (the "Bond Reimbursement Amount"), providing that the bonds shall be retired from the tax increment generated by the Redevelopment Site for the following TIF Eligible Improvements not to exceed the Maximum Reimbursement Amount, to wit:

- (a) Any geotechnical investigation and environmental assessment not previously completed by City but necessary to comply with State or Federal regulations in order to construct and occupy project in accordance with approved plans;

- (b) Any on-site utility relocation, abandonment or relocation, clearing and grubbing, building demolition, earthwork, drainage, soil erosion and other miscellaneous site preparation measures;
- (c) If necessary, Developer's cost to construct-on-site, and, if necessary, off-site public water, sanitary and storm sewer main infrastructure improvements and/or upgrades and extensions necessary to service the subject development as follows;
- (d) Streetscape enhancements and other required improvements within the public rights-of-way along State Street, Washington Street and Wilson Street of a scope and character similar to what has been constructed along Wilson St. from Batavia Ave. eastward to Island Ave. and along Houston St. from Batavia Ave. eastward to Island Ave;
- (e) Multi-level concrete and masonry public parking facility;
- (f) Construction Interest, paid until construction loan is converted to long term loan;
- (g) City permits application and review fees;
- (h) City-originated impact and connection fees;
- (i) Professional consulting fees, including survey, engineering, architecture, landscape architecture, land planning and design and legal incurred in connection with the Project;
- (j) Reasonable loan and equity raise fees, letter of credit fees, bond fees;
- (k) City-required off-site electric utility infrastructure upgrades and/or extensions, building, utility and other associated fees;
- (l) Environmental cleanup costs, and
- (m) Demolition costs,

2.09. Conveyance of the City Property ("Redevelopment Site"). Subject to the granting of the zoning, subdivision, site plan and other entitlements, easements to be retained by the City and satisfaction and/or waiver of all *Contingencies Precedent to Transfer of Title* identified in Section 3.03(a), the City shall convey fee simple title of the property that makes up the Redevelopment Site to Developer in accordance with the terms and provisions of the *Purchase and Sale Agreement* attached hereto as **Exhibit J** and the terms of this Agreement.

2.10. Approval of Engineering Plans and Specifications. City shall process in a timely fashion, in keeping with its usual and customary practices, the submittal of engineering plans and other technical drawings and submissions for the Project that are complete and in compliance with the City Codes, and other local, state and federal regulations that are applicable and which conform to sound engineering principles. Developer acknowledges that City has represented that a full review of site and engineering plans reasonably takes approximately ninety (90) days from submittal of complete, code-compliant materials.

2.11. Bond Issuance. No later than one hundred eighty (180) days after the City conveys title of the Redevelopment Site to the Developer, but not prior to written notice from the Developer that Developer has secured financing acceptable to the Developer, the City shall issue the bonds in the gross amount of \$14,000,000. The City, in its sole discretion, may initiate two or more bond issues, including: 1) bond issue(s) designed to be tax-exempt which will be limited to the reimbursement of only those TIF Eligible Improvements that are not considered to be private activity bonds or which would result in the making of private payments in violation of the tax exempt nature of the bonds ("Tax Exempt Bonds"); and 2) other bond issue(s) that may or may not be considered tax exempt ("Additional Bonds"). The City shall cooperate with the Developer to provide assurance to the Developer's lender in regard to the bond issue, and the City shall cooperate with the Developer and Developer's lender in regard to the timing of the bond issue.

2.12 Issuance of Permits for Improvements. City shall process, review and approve in a timely fashion, in keeping with its usual and customary practices, all applications for permits necessary for construction of the Project. Developer acknowledges that a full City review of building plans reasonably takes approximately ninety (90) days from submittal of complete, code-compliant materials.

2.13. Utility Connections. City shall authorize (pursuant to approved engineering plans) offsite electric work and all on-site water lines, sanitary and storm sewer lines and electric connections constructed on the Property to City utility lines existing on the Property or near the perimeter of the Property, and the offsite and onsite electric work shall be done or caused to be done by the City. Developer shall comply with all City Code requirements and other local, state and federal laws and regulations for such utility connections.

2.14. Fees. In exchange for the provision of 55 or more parking spaces in addition to the 304 parking spaces originally proposed by the Developer, the City shall not charge the applicable zoning, subdivision, building permit, engineering, utility connection, impact fees, inspection and all other fees to the Developer that would otherwise be charged for the Project, and the City shall rely upon the excess tax increment, if any, to cover those usual fees.

2.15. Certification of Completion. Upon substantial completion of the construction and appropriate inspection and testing, if required, in keeping with City Code and other local, State and other applicable requirements, in accordance with the Project Plan, the City, through its Engineer or Building Official, shall promptly, at Developer's request, furnish Developer with a written Certification of Completion, subject to the One-Year Maintenance Obligation for the Public Improvements. The Public Improvements may be certified as complete before the remaining, private improvements are completed.

The Certification of Completion shall be in such form as will enable it to be recorded, at the option of the Developer. City shall respond to Developer's written request for a certificate of completion within twenty (20) business days after City engineer's receipt thereof, either with the issuance of a certificate of completion, or with a written statement indicating with specificity and particularity how Developer has failed to substantially complete the construction of the Project in conformity with Project Plan. If City requires additional measures or acts of Developer to assure compliance, Developer shall resubmit a written request for a certificate of completion for the particular Construction Component upon compliance with City's response.

2.16 Reimbursement of Developer TIF Eligible Improvements. The City shall make reimbursement payment(s) to the Developer for the TIF Eligible Improvements up to the Bond Reimbursement Amount subject to the provisions of Section 3.03(c) as follows, to wit:

(a) **Ongoing Reimbursement of TIF Eligible Expenses.** Beginning no sooner than sixty (60) days after the commencement of construction, the Developer may submit the documentation and requests for reimbursement of the actual TIF eligible costs incurred by the Developer, which submittals may be made no more frequently than monthly and may be made for no less than \$10,000 for each request, and the City shall reimburse the Developer for all of the actual costs incurred for work completed through the date of the submittal up to Maximum Reimbursement Amount as provided in paragraph 2.08, less bond interest, less ten percent (10%) retainage, within thirty (30) days from the submittal by the Developer of all Eligible Cost Reimbursement Documentation in support of the request, providing that the City shall not reimburse more than the Bond Reimbursement Amount, less the retainage, until the conditions in subsection 2.16(b) below are met; and

(b) **Final Reimbursement of TIF Eligible Expenses.** Within sixty (60) days after the later of the issuance of the occupancy permit for the Private Improvements, conveyance of the Public Improvements and submittal by the Developer of all Eligible Cost Reimbursement Documentation, whichever is later, the City shall reimburse the additional TIF Eligible costs for the entire Project up to the Bond Reimbursement Amount ("Final Payment"), and make payment to the Developer for reimbursement for remaining TIF Eligible Costs not previously reimbursed in connection with the First Payment up to the Bond Reimbursement Amount.

(c) **Back up Special Service Area.** The Developer hereby agrees to allow the City to establish a backup Special Service Area (SSA) after the Developer takes title to the Property, which SSA will encompass the Redevelopment Site, provided that the sole purpose of the SSA is to pay the difference between the tax increment generated from the Project and the debt service payments when those payments are due and the City provides the

Developer notice of the establishment of the SSA and opportunity to review the SSA Ordinance, which ordinance shall be in substantial conformance with the document attached hereto and incorporated herein by reference as Exhibit K before it is approved and notice of the City's intent to levy the SSA tax before an ordinance approving a levy is approved. Subject to the conditions stated herein, the City may, at the City's reasonable discretion, begin to levy and collect SSA taxes in sufficient amounts to pay the difference between the tax increment generated from the Project and the debt service payments, subject to the true up provisions in Section 5.04. In no event shall City be allowed to establish a special service area that gives City the authority to levy in excess of ten dollars (\$10.00) per one hundred dollars (\$100) of assessed valuation annually. For purposes of the backup Special Service Area, the difference between the tax increment generated from the Project and the debt service payments when those payments are due shall include the reduction in funds available to pay the debt service resulting from any payments the City is obligated to make to the School District for the school age children residing in the Redevelopment Area, and the increment generated from the Project shall be reduced by the amount of reimbursement due or paid to the School District accordingly in determining any shortfall between the tax increment generated and the debt service payment obligations.

2.17. Approval of Plat of Subdivision. City shall process for approval the Plats of Subdivision and/or condominium necessary for the Project to be completed in accordance with the mutual intentions of both parties and Project Plans, including but not necessarily limited to those associated with the City's conveyance to Developer of all properties necessary for the Project and the Developer's conveyance of the real estate to the City in connection with the Public Parking garage.

ARTICLE III **Contingencies / Termination Rights**

3.01 Contingencies. Developer's and City's respective obligations under this Agreement are subject to satisfaction and/or waiver of various contingencies.

3.02 Developer Contingencies. The Developer's obligations to continue through the various stages of development are as follows:

(a) **Pre-Acquisition.** The Developer shall not be obligated to acquire the property that makes up the Redevelopment Site until the following *Contingencies Precedent to Transfer of Title* have been met:

- i. **Title.** The City has acquired all of the property comprising the Redevelopment Site;
- ii. **Demolition and Environmental Remediation.** The City has demolished the buildings, tested the property for environmental contamination and completed any remediation that is required for completion of the Project;
- iii. **Zoning & Preliminary Plan Approvals.** Developer has secured the zoning and Preliminary Plan approvals for the Project.
- iv. **Contract.** All of the terms and provisions of the Purchase Agreement in the form attached hereto as **Exhibit J** have been satisfied.

(b) **Pre-Construction.** The Developer shall not be obligated to commence the construction of the Project on the Redevelopment Site until the following *Conditions Precedent to Developer Construction* have been met:

i. Construction Financing. Developer has secured financing acceptable to Developer for the costs associated with construction of all of the Improvements, including both hard and soft costs associated with same.

(ii) Final Approvals. The Final Approvals have been obtained, including all third party approvals, permits, consents, authorizations, engineering, site plan approvals, subdivision approvals, and/or the like, needed by Developer or its lender for the Project Plan, including without limitation all permits for the construction and operation of the Improvement (including without limitation private, City and Illinois).

(iii) Establishment of New TIF. The City has provided the Developer with adequate proof of the establishment of the new TIF District covering the Redevelopment Site.

(iv) Waiver of Bond Contingencies. The City has obtained an opinion regarding the tax exempt status of the Tax Exempt Bonds and the City has successfully completed the issuance of the Tax Exempt Bonds and Second Bonds and/or has waived the Bond Contingencies.

3.03 City Contingencies. The City's obligations to continue through the various stages of development are as follows:

(a) Pre-Title Transfer. The City shall not be obligated to proceed with this Agreement and transfer title of the Redevelopment Site to the Developer until the following *Conditions Precedent to Transfer of Title* have been met:

i. New TIF Qualification. The Redevelopment Site has qualified for tax increment financing as a new TIF district on its own accord;

ii. Demolition and Environmental Remediation. The City has determined that the cost of demolition and any environmental remediation necessary to complete the Project is not economically prohibitive and the Parties are not unable to reach accord on said issue per Section 2.05;

iii. Tax Exempt Opinion. The city has obtained an opinion from bond counsel that the Tax Exempt Bonds described in Section 2.10.b.i will qualify for tax-exempt status based upon the representation of the Parties as to the categorization and allocation of costs to be paid from the bond proceeds.

iv. Proof of Public Benefit. The City has determined, based on the studies, analyses and information provided by the Developer and/or from other sources, that the parking is adequate for the purposes of the Project and the parking and all other benefits to the public justify the use of TIF funds for the Project.

(b) Pre-Construction. The City shall not be obligated to approve construction of the Project on the Redevelopment Site until the following *Conditions Precedent to Construction* have been met:

i. Plat of Consolidation. The Developer has submitted a plat of consolidation of the parcels making up the Redevelopment Site for approval and the parcels have been consolidated into one zoning lot as provided in Section 1.04(c).

ii. Utility Easements and Connections. Grants to the City of all easements for utilities, public access and other requirements have been approved and recorded and utility connections have been approved as provided in Section 1.04(b).

iii. Final Approvals. The Final Plans have been approved.

iv. Performance and Payment Surety. A letter of credit or bond has been posted in the amount of 115% of the estimated construction costs to secure the performance and payment of the construction of the Public Improvements as required in Section 1.04(f).

v. Insurance. Proof of insurance meeting the requirements set forth in Section 1.04(g) has been submitted.

vi. Declarations and Covenants. Completion of a set of condominium declarations and covenants that are agreeable to the parties which do not adversely affect the tax exempt nature of the bonds being used to finance the development of the Public Parking Facility as provided in Section 1.04(h).

vii. Bond Issuance. The City has successfully issued the First Bonds which satisfy all the requirements for tax exempt bonds and the rates for the bonds issued are estimated to be economically feasible.

viii. New TIF Establishment. The Redevelopment Site has been established by the City as a new tax increment financing district on its own accord, and the ordinances approving the Redevelopment Site as a new project area, approving the project plan in accordance with this Agreement and approving tax increment financing for the project area and the project plan in keeping with this Agreement have been duly passed and recorded

(c) Reimbursement to Developer. The City shall not be obligated to reimburse the Developer, and may hold back any reimbursement due the Developer, if any of the following conditions are not met:

i. Final Subdivision & Completion and Conveyance of Public Parking Facility. The final Plat of Subdivision/Condominium has been finalized and recorded and the Public Parking Facility has been completed and deeded back to the City as required by Sections 1.09 and 1.10;

ii. Submittal of Eligible Cost Reimbursement Documentation. The documentation substantiating the Eligible Reimbursement Costs for which the Developer is seeking reimbursement has been submitted as required by Section 1.11.

iii. No Default. The Developer is not in default of any material provision of this Agreement.

iv. Ineligible Reimbursements. City shall not be responsible to make reimbursement payments to Developer to the extent costs proposed by Developer are for matters outside the parameters of the Act and/or the parties' agreements regarding items and categories properly paid for with tax exempt bond funds.

(d) Special Service Area. The City may establish a special service area encompassing the Redevelopment Site solely as a backup source to fund any gap between the tax increment generated by the Redevelopment Site and the payments necessary to make the bond payments when they become due and to retire the bond obligations in keeping with the bond repayment schedule as provided in Section 2.16(c).

3.04 Termination/Stop Order/Unwinding. The parties may terminate the Agreement by giving notice in writing to the other party as further provided herein below. The party desiring to terminate the Agreement shall give written notice of such intention to the other party, and if requested by the other party, attend a conference to explain the reasons for the request, so that the Parties together may discuss same and perhaps find reasonable solutions. Subject to the forgoing, the parties may terminate the Agreement under the following terms and conditions:

(a) Termination by Developer or City Prior to Acquisition. The parties shall have the right to terminate the Agreement without penalty prior to transfer of title of the Redevelopment Site to the Developer as follows:

i. By Developer. If any of the *Contingencies Precedent to Acquisition* have not been met within in 365 days from the Effective Date of this Agreement and the City is unable to eliminate the *Contingencies Precedent to Acquisition* identified in Section 3.02(a), at Developer's option, the Agreement shall be considered thereafter null and void and of no further force and effect, and Developer shall be entitled to reimbursement of Developer's costs incurred from the date of this Agreement to the date of termination.

ii. By City. If any of the *Contingencies Precedent to Transfer of Title* have not been met as provided in Sections 3.03 (a) & (b), and Developer shall be entitled to reimbursement of Developer's costs incurred from the date of this Agreement to the date of termination.

(b) Termination by City prior to Demolition. The City may terminate the Agreement if the *Contingency Precedent to Demolition* identified in Section 3.03(a) has not been met, subject to the City's obligation to reimburse the Developer for all costs incurred from the date of this Agreement to the date of termination.

(c) Termination by City Prior to Transfer of Title. The City may terminate the Agreement if any of the *Conditions Precedent to Transfer of Title* identified in Section 3.03(b) are not met to the City's satisfaction, subject to the City's obligation to reimburse the Developer for all costs incurred from the date of this Agreement to the date of termination.

(d) Termination by City Prior to Construction. The City may terminate the Agreement prior to beginning construction if the Developer has not completed and satisfied all of the *Duties of Developer Prior to Project Construction* identified in Section 1.05 and satisfied all *Conditions Precedent to Developer Construction* identified in Section 3.02(b) or any of the *Conditions Precedent to Construction* identified in Section 3.03(c) have not been met, in which case the property shall be transferred back from the Developer to the City, subject to the City's obligation to reimburse the Developer for its costs incurred in the preparation of the plans and submittals to be presented with the zoning and other applications to the City through the date of the notice to terminate if the reason for the Developer's inability to satisfy the conditions precedent is due to the actions or inactions of the City.

(e) Termination by Developer Prior to Construction. The Developer may terminate the Agreement prior to commencement of construction if the *Conditions Precedent to Developer Construction* identified in Section 3.02(b) are not satisfied within the time frames identified by the City's duties outlined in Section 2.10 and 2.11, provided that the Developer has diligently performed its duties and any delays are not caused by Developer's actions or inactions, subject to the City's obligation to reimburse the Developer for all costs incurred from the date of this Agreement to the date of termination.

(f) Termination by the City for Default. The City may terminate the Agreement if the Developer is determined in default as provided Article IV

3.05 Stop Orders. The City shall have the right and authority to issue a written stop order if, at any time, the Developer fails to proceed in compliance with the approved Final Plans, the observance of sound engineering practices, any local, state or federal building code, rule or regulation applicable to the Project or the Prevailing Wage Act, providing that the City has previously given written notice detailing the issue of noncompliance and the Developer has been given the time allowed by the City Code to come into compliance, and the Developer shall immediately cease all such activity that is noncompliant until the noncompliance is remedied, subject to the provisions on notice and the ability to remedy the noncompliance as provided in Section 5.06. Notwithstanding the forgoing to the contrary, the Developer shall immediately comply with the stop order for any life/safety compliance issue.

3.06 Unwinding. Upon termination of the Agreement prior to commencement of construction of the Project for any reason: (i) City shall remit to Developer any surety or fees posted by Developer in connection with the Project and/or the Project Plan that has not been used, provided Developer is not in default; (ii) Developer shall convey the City Property back to the City, if applicable; and (iii) the Agreement shall be deemed thereafter null and void and of no further force or effect.

ARTICLE IV **Representations, Warranties and Covenants**

4.01 Representations and Warranties of Developer. Developer does hereby represent and warrant to City as follows: (i) Developer is a limited liability company organized and validly existing and in good standing under the laws of the State of Illinois; (ii) Developer has the right and power and is authorized to enter into, execute, deliver and perform this Agreement; (iii) the execution, delivery and performance by Developer of this Agreement shall not, by the lapse of time, the giving of notice or otherwise, constitute a violation of any applicable law or breach of any provision contained any instrument or document to which either Developer is now a party or by which it is bound, including violations of the Prevailing Wage Act or other relevant labor laws; (iv) Developer is now solvent and able to pay its debts as they mature; (v) there are no actions at law or similar proceedings which are pending or threatened against Developer or the Property which might result in any material and adverse change to the Developer's financial condition, or materially affect the Developer's assets as of the date of this Agreement; (vi) the Developer has all government permits, certificates, consents (including, without limitation, appropriate environmental clearances and approvals) and franchise necessary to continue to conduct its business and to own or lease and operate its properties (including, but not limited to, the Developer's Property) as now owned or under contract or leased by it; (vii) no default has been declared with respect to any indenture, loan agreement, mortgage, deed or other similar agreement relating to the borrowing of monies to which the Developer is a party or by which it is bound; and (viii) there has been no material and/or adverse change in the assets, liabilities or financial condition of Developer; and (x) City is not a partner or engaged in a joint venture with Developer, its agents or assigns.

4.02 Representations and Warranties of City. City does hereby represent and warrant to the Developer as follows: (i) City is a municipal corporation organized and validly existing and in good standing under the laws of the State of Illinois; (ii) City has the right and power and is authorized to enter into, execute, deliver and perform this Agreement; (iii) the execution, delivery and performance by City of this Agreement shall not, by the lapse of time, the giving of notice or otherwise, constitute a violation of any applicable law or breach of any provision contained any instrument or document to which either City is now a party or by which it is bound; (iv) City is now solvent and able to pay its debts as they mature; (v) there are no actions at law or similar proceedings which are pending or threatened against City or the Property which might result in any material and adverse change to City's financial condition, or materially affect City's assets as of the date of this Agreement; (vi) City has all government permits, certificates, consents (including, without limitation, appropriate environmental clearances and approvals) and franchise necessary to continue to conduct its business and to own or lease and operate its properties (including, but not limited to, City's Property) as now owned or under contract or leased by it; (vii) no default has been declared with respect to any indenture, loan agreement, mortgage, deed or other similar agreement relating to the borrowing of monies to which City is a party or by which it is bound; (viii) there has been no material and/or adverse change in the assets, liabilities or financial condition of City and City is fully capable of providing Developer City Provided Funds; and (ix) it shall obtain and maintain all adequate insurance and surety requirements for the Public Improvements equivalent to insurance obligations of Developer.

4.03 Covenants of the Developer. The Developer hereby covenants to maintain and perform the following throughout the term of this Agreement, which term shall be ninety-nine (99) years, and which covenants shall extend to any successor in interest or assigns:

(a) **Maintenance in Good and Habitable Condition.** The Developer shall maintain the Project in good and habitable condition throughout the term of this Agreement

(b) **Insurance.** The Developer shall at all times during the term of this Agreement maintain in full force and effect sufficient insurance or bonding, together or in the alternate, in excess of what might be required to be paid to other third parties:

(i) To cover the replacement in the event of a catastrophe or other event that destroys the building, whether in whole or in part, and/or

(ii) To cover the cost of making the bond payments when the bond payments are due and retiring the bonds if the building is not or cannot be reconstructed for any reason.

The Developer shall be obligated to use the insurance proceeds to reconstruct the building and to make it habitable again if the building is ever destroyed in whole or in part for whatever reason, unless the reconstruction of the building is not feasible or the Developer opts to making the bond payments when the bond payments are due and retiring the bonds.

4.04 Joint Covenants. The parties hereby undertake and agree to the following:

(a) **Daytime Public Parking.** The parties intend that all of the public parking spaces shall be available for the general public during daytime hours, subject to whatever reasonable restrictions the City may deem necessary and appropriate from time to time to ensure that the daytime parking is reasonably available in the best interest of the general public (“Daytime Parking Limitations”). Subject to Paragraph (b) below, the City shall have the right to impose charges for daytime parking, , and has the right to restrict or use such spaces in a manner that the city deems in the public interest; and

(b) **Overnight Public Parking.** The parties intend that the City shall provide a minimum of 200 public parking permits designated for overnight parking for the general public who are a) residents in the DMU District, including residents of the Multi-Story, Mixed Use building, and b) who do not have off-street parking at their own residences (hereinafter “DMU Residents”). The parties intend that permits for such overnight parking shall be available to DMU Residents for a monthly fee initially fixed at thirty dollars (\$30) with annual increases of no more than five percent (5%) in keeping with the City Code provisions on DMU overnight parking, if any. Said permits are intended to be made available on a first come, first served basis to be administrated by the City and such other reasonable restrictions the City deems necessary and appropriate from time to time. The parties intend that the overnight parking shall remain available for the Multi-Story, Mixed Use building residents on the same basis as overnight parking is available to the other DMU Residents throughout the term of this Agreement, subject to limitations that are necessary and appropriate to protect the tax exempt character of the bonds issued to finance the Project (“Overnight Parking Limitations”). The City reserves the right to charge different amounts or make other arrangements for such parking, consistent with the public purposes of the City.

(c) **City Insurance.** In addition, City shall provide and maintain adequate general liability insurance, naming Developer, its successors and assigns as an additional insured thereon, to cover liabilities that arise in connection with the City’s maintenance and other responsibility for the Public parking Facility.

(d) **Priority Reimbursement.** The parties acknowledge and agree that the TIF Eligible Expenses shall be reimbursed pursuant to the Priority Reimbursement Schedule attached hereto and incorporated herein by reference as Exhibit “N” (“Priority Reimbursement Schedule”). The parties agree that the TIF Eligible Expenses identified for “priority reimbursement” on the Priority Reimbursement Schedule” shall be paid back to the Developer and/or City, as the case may be, from the bond proceeds net of the bond issuance costs , and the bonds will be paid off with the tax increment from the Redevelopment Site. After the bond obligations are paid off, providing that the bond obligations are paid off by the tax increment prior to the expiration of the term of this

Agreement, fifty percent (50%) of all of the tax increment generated by the Redevelopment Site after the bond obligations are retired and during the remaining term of this Agreement will be distributed to the Developer for TIF Eligible Costs incurred and documented by the Developer as provided herein up to a maximum reimbursement amount of \$16,000,000. All additional tax increment through the term of the Agreement shall be retained by the City.

ARTICLE V

Performance/Default

5.01 Time of the Essence. It is understood and agreed by City and Developer that time is of the essence of this Agreement, and that all Parties shall make every reasonable effort to expedite the performance of their respective duties hereof. It is further understood and agreed that the successful consummation of this Agreement shall require the continued cooperation of City and Developer. Whenever the consent or approval of City is required in order for Developer to accomplish the purposes and intent hereof, such consent shall not be unreasonably withheld or unduly delayed. If such consent or approval is denied, such denial shall be in writing, and shall specify the reason or reasons for such denial. Whenever the submission of documentation by Developer is reasonably required for the City to verify the underlying costs and the payment thereof related to Eligible Reimbursable Costs, Developer shall comply therewith, and such consent of City shall not be unreasonably withheld, conditioned or unduly delayed. If the request for documentation is denied, such denial shall be in writing, and shall specify the reason or reasons for such denial.

5.02 Force Majeure. For the purposes of any of the provisions of this Agreement, neither City nor Developer, as the case may be, nor any successor in interest, shall be considered in breach of, or default in, its obligations under this Agreement in the event of any delay caused by circumstances out of the reasonable control of the respective party, such as damage or destruction by fire or other casualty, strike, shortage of material, unusually adverse weather condition such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or quantity for an abnormal duration, tornadoes or cyclones and other like event or condition beyond the reasonable control of the Party affected which in fact interferes with the ability of such Party to discharge the respective obligations hereunder; nor shall either City or Developer be considered in breach of, or default in its obligations under this Agreement in the event of a delay resulting from the conduct of any judicial, administrative or legislative proceeding or caused by litigation or proceedings by a third party challenging the authority or right of City to act under the Redevelopment Plan, any of the ordinances, or perform under this Agreement. City shall diligently contest any such proceedings and any appeals therefrom. City may settle a contested proceeding at any point, so long as the settlement results in City's ability to perform pursuant to this Agreement and so long as any such settlement does not impose additional obligations on Developer or increase its obligations under this Agreement, unless by agreement with the Developer. Provided, however, that the Party seeking the benefit of the provisions of this Section 5.02 shall, within ten (10) days after the beginning of any such enforced delay, have first notified the other Party thereof in writing, and of the cause or causes thereof, and requested an extension for the period of the enforced delay.

5.03 No Waiver by Delay. Any delay by City or Developer in instituting or prosecuting any actions or proceedings or in otherwise exercising its rights shall not operate as a waiver of such rights or to deprive it of or limit such rights in any way (it being the intent of this provision that City and the Developer should still hope to otherwise resolve the problems created by the default involved). No waiver in fact made by City with respect to any specific default by Developer should be considered or treated as a waiver of the rights of City with respect to any other defaults by Developer or with respect to the particular default except to the extent specifically waived in writing. No waiver in fact made by the Developer with respect to any specific default by City should be considered

or treated as a waiver of the rights of the Developer with respect to any other defaults by City or with respect to the particular default except to the extent specifically waived in writing.

5.04 True Up. After the Project is completed and the initial EAV for the improved Redevelopment Site and tax rate on the initial EAV for the improved Redevelopment Site is determined, the parties shall review the increment projections annually over the life of the TIF District and identify the minimum annual increment necessary to retire the bond obligations as they come due and the minimum EAV necessary to produce that increment at the current tax rate (the “Minimum Continuing EAV”) and whether the projected schedule for retiring the bonds is sufficient to retire the bonds as they come due over the life of the TIF.

(a) Determination of SSA Activation and Tax. From this calculation, the City shall determine whether and when to activate the Special Service Area tax and to establish the amount of SSA tax sufficient to make up any shortfall in the retirement of the bonds from the increment generated by the improved Redevelopment Site, as reduced by the payments the City is obligated to make to the School District for school age children residing in the Project Area.

(b) Periodic True-Up Determinations. Either party may request a true up determination following the publication of the EAV in any year to re-determine the Minimum Continuing EAV”) and whether the projected schedule for retiring the bonds is sufficient to retire the bonds as they come due over the life of the TIF, and the SSA tax to be levied in the subsequent year may be adjusted accordingly.

(c) SSA Levies. During the life of the TIF, any reduction in the tax increment generated by the Redevelopment Site below the tax increment required to pay the bond obligations when they come due shall allow the City, at the City’s option, to levy SSA tax or increase the SSA tax levy to pay the difference between the increment and the bond obligations when they are due, taking into consideration any payments required to be made to the School District, or to access the security identified in Section 5.05 to offset the difference. The SSA shall be extinguished upon retirement of the bond

(d) Excess SSA Reimbursement. If SSA funds are used by the City to pay bonds as provided in Subsection (a), and any increment is generated in excess of what is necessary to retire the bond obligations as they become due in subsequent years, Developer is entitled to reimbursement of the prior SSA payments made by the Developer from the first of any excess increment not necessary for bond payments currently due.

5.05 Security. The Developer’s obligations to complete the Project shall be secured by a letter of credit or performance bond in form acceptable to the City in the amount of 115% of the estimated construction costs as provided in Section 1.04(g) until the Project is completed, and that insurance shall be replaced by insurance or a bond in sufficient amount to replace the building if destroyed or to make the remaining bond payments and pay off the bonds as they become due as provided in Section 4.03(b) after the Project is completed until the City’s full bond obligation is retired. Said Post Completion Surety shall require notification to the City of nonpayment, nonrenewal or cancellation and shall reflect City as an additional insured with an endorsement assigning certain insurance proceeds in the event of a covered loss to the extent of the value the City is entitled to receive on an annual basis.

5.06 Breach/Default/Remedies.

(a) General. When a material breach of this Agreement is deemed to be a default as provided below, the non-breaching party may enforce this Agreement and seek any remedies, including damages, that are available in law and in equity, and the parties shall have the right to seek specific performance on the basis that damages may not satisfactorily make the non-breaching party whole, and neither party shall have any right to object to that the non-breaching party is not entitled to such equitable relief, and the non-breaching party may seek specific performance of the covenants and agreements herein contained or may seek damages for failure of performance or both.

(b) Notice of Default. Before material breach of a Party to perform its obligations hereunder is deemed to be a Default, the Party claiming such breach shall notify the other party in writing describing the alleged breach in sufficient detail to inform the breaching party

(c) Response to Notice of Default. A party who has received a written notice of default from the other party shall respond in writing as follows:

(i) Proof of No Default. Objecting to the notice of default and providing or offering to provide proof that there is no as specified below; or

(ii) Acknowledgment and Performance. Acknowledging the default and beginning to take immediate actions to cure the default as provided below.

(d) Determination of Default. Default shall be determined as follows:

(i) General. For all breaches other than delay and the breaches specified below, Developer shall be in default if Developer does not provide proof of no default within fifteen (15) days and/or take actions required to cure the default immediately, but in no event later than thirty (30) days and continue with ongoing, diligent performance thereafter as required to cure the default.

(ii) Construction. For failure to construct the Project Improvements in substantial compliance with the approved Final Plan. Developer shall be in default if Developer fails to provide proof of no default within thirty (30) days of notice in writing thereof, unless the cure cannot reasonably be completed within thirty (30) days from the Notice of Default and Developer is proceeding with reasonable diligence to cure the default and continues diligently to cure the default until fully cured; ;

(iii) Prevailing Wage. For failure to comply with the Prevailing Wage Act, Developer shall be in default if Developer does not provide proof of no default within five (5) days and/or cure the default no later than thirty (30) days from the Notice of Default;

(iv) Lapse in Insurance. For failure to maintain the required insurance, Developer shall be in default if Developer does not provide proof of no default within five (5) days and/or provide proof of the required insurance within ten (10) days from the Notice of Default (no work shall continue during any period in which the proper insurance is not maintained);

(v) Lapse in Surety. For failure to provide or maintain the surety as required by this Agreement and the City Code, Developer shall be in default if Developer does not provide proof of no default within five (5) days and or reinstate the surety within fifteen (15) days from the Notice of Default (no work shall continue during any period in which the proper surety is not maintained);

(vi) Bankruptcy or Insolvency. For any third party determination of insolvency or any voluntary or involuntary bankruptcy or assignment for the benefit of creditors, Developer shall be in default if Developer does not provide proof of no default within thirty (30) days, provided that Developer may cure the default by filing a motion for determination of solvency, to dismiss the bankruptcy or invalidate the assignment for benefit of creditors, and the default shall be considered cured and, within sixty (60) days from the determination, filing or assignment, an appropriate order is entered undoing the same;

(vii) Lis Pendens, Lien or Foreclosure. For any filing of a *lis pendens* notice, a mechanics lien, judge lien, tax lien, or similar encumbrance other than the mortgages filed to secure the constructions and long term financing of the Project, or the filing of suit for foreclosure of any mortgage, lien or other encumbrance.

(viii) Filing to Reduce taxes or Assessed Valuation. Immediately Developer shall be in default for the filing of any application or request to reduce real estate taxes or the assessed valuation of the Developer's Property below the Minimum Continuing EAV amount that would result in the failure of the Developer's Property to generate the tax increment as estimated and stated in the Pro Forma until all of the funds paid out by the City have been reimbursed back to the City through the increase in tax increment from the Developer's Property, providing that the Developer has a right to cure the default and reinstate the Agreement in good standing by withdrawing the application or request;

(ix) Unauthorized Assignment. Immediately, without notice, Developer shall be in default upon the assignment of this Agreement or transfer, assignment or other conveyance of title to the Developer's Property without the consent of the City as provided in this Agreement, provided that the default may be cured by obtaining the City's consent, which consent shall not be unreasonably withheld, and satisfying the other conditions in Section 10.01;

(x) Failure to Complete the Project. Immediately, without notice, Developer shall be in default for failure to complete the Project Improvements within thirty-six (36) months from the date the construction permit is issued, whichever is later (the "Final Completion Date"), except for periods of delay that are beyond the Developer's control as provided in Section 5.02. The City in its sole discretion shall be permitted to extend this date by action of the City Council.

(e) Remedies for Developer Default. Subject to the requirement of written notice and Developer's right to provide proof of no default or an opportunity to cure as set forth in 5.06(d) above, upon default by the Developer as provided above, the City shall have the following specific remedies, which remedies are in addition to any general remedies available in law or equity and which shall be cumulative and not exclusive: 1) withhold permits, inspections, review of plans and other approvals for the Project until the default is cured; 2) issue a cease and desist order requiring all construction to stop until a specific default is cured; or 3) withhold payments due the Developer until a specific default is cured, including the filing of a mechanics lien claim against the property or against the funds owed to the Developer by the City; 4) terminate the Agreement due to default and the filing of bankruptcy by Developer, involuntary bankruptcy or any involuntary assignment for the benefit of creditors, any declaration of insolvency or the filing of foreclosure against the property by a mortgagee after notice and sixty (60) days to cure the breach; 5) if the Project is not completed, demand and obtain title to the Redevelopment Site and access the performance surety to complete the project; or 6) increase the levy of the SSA tax or access the Post-Construction Security as provided in Section 5.05. In addition to the forgoing, all remedies applicable in law or in equity for breach of contract shall be available to the City, which remedies shall be cumulative.

(f) Remedies for Breach by the City. Upon breach of the Agreement by the City, the Developer shall have all remedies applicable in law or in equity for breach of contract, which remedies shall be cumulative, and not exclusive.

5.08 Inspection Rights. Any duly authorized representative of City, at all reasonable times, shall have access to the Project for the purpose of confirming Developer's compliance with the Agreement. Said inspection is in addition to any inspections required for grading, construction, and other building or engineering elements regulated by the Batavia Municipal Code.

ARTICLE VI
Term of Agreement

6.01 Term of Agreement. This Agreement shall commence on the Effective Date, and shall continue through the full term of the TIF, unless sooner terminated by right of a Party contained in this Agreement or by court order, until all of the obligations of the Parties have been fully performed.

ARTICLE VII
Notice

7.01 Notices. All notices and demands given or required to be given by any Party hereto to any other Party ("notices") shall be in writing and shall be delivered in person or sent by telecopy with electronic confirmation of receipt thereof and with concurrent mailing by U.S. Postal Service delivery, or by a reputable overnight carrier that provides a receipt, such as Federal Express or UPS, or by registered or certified U.S. mail, postage prepaid, addressed as follows (or sent to such other address as any Party shall specify to the other Party pursuant to the provisions of this Section):

To Developer:

David Patzelt, President;
1 N. Washington LLC
17 N. First Street
Geneva, IL 60134
630-232-8570
email: dave_patzelt@shodeen.com

and:

Kate McCracken
Hoscheit, McGuirk, McCracken & Cuscaden, P.C.
1001 E. Main St., Ste G
St. Charles, IL 60174
(630) 513-8700
kate@hmcpc.com

To City:

Laura Newman
City of Batavia
100 North Island Avenue
Batavia, IL 60510
email: cityadministrator@cityofbatavia.net

With a copy to:

City Clerk
City of Batavia
Batavia, IL 60510
email: cityclerk@cityofbatavia.net

ANY NOTICE REQUIRED FOR UNDER THIS AGREEMENT MAY ALSO BE SENT BY EMAIL. All notices delivered in the manner provided herein shall be deemed given upon actual receipt (or attempted delivery if delivery is refused).

ARTICLE VIII **TIF Provisions**

8.01 Application of the TIF Act. This Agreement is to be construed according to the provisions and the authority of the Tax Increment Allocation Redevelopment Act (the "TIF Act"), Sections 11-74.4-1 et seq. (65 ILCS 5/11-74.4-1 et seq.), and the City Funds shall be considered tax increment financing ("TIF") in keeping therewith.

8.02 Approvals. The City covenants, represents and warrants to Developer, that the approval of this Agreement, of the Project and the Project Plan and the implementation of this Agreement is in compliance with the TIF Ordinances and the TIF Act.

8.03 Source of City Funds. The parties agree that the City shall use existing funds under control of the City or issue debt through the sale of municipal bonds, or a combination of such sources in paying the costs of the Eligible Improvements, either to the City's general fund or TIF account, or to the Developer as reimbursement for such Eligible Improvements Costs, in accordance with this Agreement.

8.04 TIF Eligible Costs. TIF Eligible Costs are costs for improvements that are eligible to be made in compliance with the TIF Act, and the City covenants, represents and warrants that the Eligible Improvement Costs are TIF Eligible Costs.

8.05 Indemnification.

(a) By Developer. Developer hereby agrees to indemnify, defend and hold the City, its officers, agents and employees harmless from and against any losses, costs, damages, liabilities claims, suits, actions, causes of action and expenses (including without limitation, reasonable attorneys' fees and court costs) suffered or incurred by the City in connection with (i) the failure of Developer to perform its obligations under this Agreement, or (ii) the failure of Developer or any contractor or subcontractor to pay contractors, subcontractors, or materialmen in connection with the Improvements and in compliance with the Prevailing Wage Act, to the extent that it applies, or (iii) material misrepresentations or omissions in the Redevelopment Plan, this Agreement or any financing documents related thereto which are solely the result of information supplied or omitted by the Developer or by agents, employees, contractors, or persons acting under the control or at the request of the Developer, or (iv) the failure of Developer to cure any misrepresentations or omissions in this Agreement.

(b) By City. City hereby agrees to indemnify, defend and hold the Developer, its officers, managers, members, agents and employees harmless from and against any losses, costs, damages, liabilities claims, suits, actions, causes of action and expenses (including without limitation, reasonable attorneys' fees and court costs) suffered or incurred by the Developer in connection with (i) the failure of City to perform its obligations under this Agreement, or (ii) the failure of City to pay out the reimbursement amounts that Developer is entitled to receive pursuant to this Agreement, or (iii) material misrepresentations or omissions in the Redevelopment Plan, this Agreement, or (iv) the failure of City to cure any misrepresentations or omissions in this Agreement or any other agreement relating hereto.

8.06 Eligible Reimbursement Costs. Eligible Reimbursement Costs are all of the actual costs for the Eligible Improvements described in Section 2.10(a) that are incurred and substantiated by Developer as required herein.

ARTICLE IX

Real Estate and Tax Covenant

9.01 Tax Exemptions and Reductions. With reference to the assessment of the Property and the Project or any part thereof, during the Term of this Agreement, Developer shall not directly or indirectly, do the following until all of the City Funds paid out by the City pursuant to this Agreement have been reimbursed back to the City from the increased tax increment generated by the Redevelopment Site: (1) apply for, seek, or authorize any exemption (as such term is used and defined in the Illinois Constitution, Article IX, Section 6 (1970)) from real estate taxation for the Property; or (2) file of any application or request to reduce real estate taxes or the assessed valuation of the Developer's Property below an amount that would result in the failure of the Developer's Property to generate the tax increment as estimated and stated in the Pro Forma

9.02 Understanding of the Parties. The foregoing covenants in subsection 9.01 above shall be construed and interpreted as an express agreement by Developer with the City that an incentive inducing the City to enter into the arrangements and transactions described in this Agreement is to increase the assessed valuation of the Redevelopment Site, including the Project.

9.03 Recording Memorandum. The Parties agree that this Agreement shall record the Memorandum for Recording attached hereto as **Exhibit K** with the Kane County Recorder of Deeds, and the provisions of this Agreement shall be covenants running with the land. The covenants shall be binding upon Developer, and its agents, representatives, tenants, lessees, successors, assigns or transferees from and after the date hereof; provided, notwithstanding any provision herein to the contrary, that the covenants shall be null and void twenty three (23) years after the first anniversary date of this Agreement or when the City has received the tax increment generated by the Redevelopment Site sufficient to pay back the Bonds. Any sale, conveyance or transfer of title to all or any portion of the Redevelopment Site from and after the date hereof shall be subject to such covenants and restrictions. Developer further agrees that to the extent it is obligated to pay any portion of the real estate tax bills for the Redevelopment Site, it shall pay such taxes promptly before the date of delinquency of such tax bills. In the event that Developer, and any successor or assign thereof, transfers ownership of the Redevelopment Site, the transferee owner of same shall be liable from and after such transfer, but Developer shall not be released from any and all liability under this Agreement except as provided in Article X.

ARTICLE X Miscellaneous

10.01 Right to Assign Agreement. This Agreement and the terms and provisions hereof shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns. Developer may at any time, assign all of its right, title, interest and obligations in and to this Agreement to a special purpose affiliate of Developer created by Developer solely for the development of the Project in accordance with the Project Plan, provided that the Developer notifies the City in writing prior to the transfer of title, and further providing that the City funds shall be paid to the special purpose affiliate and the special purpose affiliate shall assume and be liable for all of the obligations of the "Developer" under this Agreement, including without limitation, the indemnification obligations, and shall be for all purposes under this Agreement the "Developer", and further provides that the Developer shall remain secondarily obligated. The Developer's right to assign the Agreement to a third party (not a special purpose affiliate) and be released from the obligations hereof are contingent on: 1) there being no uncured breach of this Agreement at the time of assignment; 2) the written acknowledgment of the assignee that it takes title subject to the obligations of this Agreement; 3) the written undertaking of the assignee to be bound by the obligations and terms of this Agreement; 4) the written consent of a construction or permanent financing institution, if applicable; and 5) any payments to be made by the City pursuant to this Agreement shall be made to the assignee from and after the effective date of the Assignment. City cannot assign its interest in the parking deck or any rights or obligations relating thereto without Developer's prior written approval.

10.02 Binding Effect. Subject to any provision of this Agreement that may prohibit or curtail assignment of any rights hereunder, this Agreement shall bind and inure to the benefit of the respective heirs, assigns, personal representatives, and successors of the Parties hereto.

10.03 Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Illinois. In case of litigation, venue for any proceedings arising under this Agreement shall be in Kane County, Illinois.

10.04 Attorneys' Fees. If either Party retains an attorney to enforce this Agreement, the prevailing Party shall be entitled to recover, in addition to all other items of recovery permitted by law, reasonable attorneys' fees and costs incurred through litigation, bankruptcy proceedings and all appeals.

10.05 Severability. If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

10.06 Captions. Captions in this Agreement are inserted for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or any of the terms hereof.

10.07 Entire Agreement. This Agreement contains the entire agreement between the Parties regarding the subject matter hereof and any oral or written representations, agreements, understandings and/or statements shall be of no force and effect.

10.08 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one instrument.

10.09 Authority. The individual(s) signing this Agreement on behalf of City and Developer represent and warrant they have the power to bind City and Developer, respectively, and that no further action, resolution, or approval from City or Developer is necessary to enter into this Agreement.

10.10 Waiver/Amendment. No modification, waiver, amendment, discharge or change to this Agreement shall be valid unless the same is in writing and signed by the Party against which the enforcement of such modification, waiver, amendment, discharge or change is or may be sought.

10.11 Conflict of Interest/Liability. No member, official or employee of City shall have any personal interest, direct or indirect, in this Agreement; nor shall any member, official or employee participate in any decision relating to this Agreement which affects his personal interests or the interests of any corporation, partnership, or association in which he is directly or indirectly interested. No member, official, or employee of City shall be personally liable to Developer or any successor in interest in the event of any default or breach by City or for any amount which may become due to Developer or successor or on any obligation under the terms of this Agreement.

10.12 Equal Opportunity. Developer shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, age, mental or physical disability, national origin or ancestry, sexual orientation, marital status, parental status, military discharge status or source of income. Developer shall endeavor to include similar provisions, in every written contract for the Project that Developer enters into, and Developer shall endeavor to require the inclusion of these provisions in every subcontract entered into by any of its contractors, so that such provision will be binding upon each such contractor, or sub-contractor.

10.13 Mutual Assistance. The Parties agree to take such actions, including the execution and delivery of such documents, instruments, petitions and certifications, as may be necessary or appropriate to carry out the terms, provisions and intent of this Agreement.

10.14 Recitals. The recitals set forth above prior to the beginning of Article I are incorporated herein as the material findings and understandings of this Agreement.

10.15 Project Expenses. Without limitation to claims for damages, enforcement costs and the like for a breach by City of this Agreement, City's obligations for the payment of Project Plan expenses are limited to the payment of Eligible Reimbursement Costs subject to the Maximum Eligible Reimbursement Costs, and City shall not be liable for other Project costs.

IN WITNESS WHEREOF, intending to be legally bound this Agreement has been duly executed by the Parties hereto effective as of the Effective Date.

1 N. WASHINGTON LLC., AN ILLINOIS LIMITED LIABILITY CORPORATION

A _____

BY: _____

ITS: _____

NAME: _____

CITY OF BATAVIA,

AN ILLINOIS MUNICIPAL CORPORATION

BY: _____

NAME: _____

TITLE: _____

EXHIBIT A

**Church Property, Service Master Property and parking Lot
Legal Description**

1 N. Washington, St. Batavia, IL et al.

EXHIBIT B

City Property Legal Description

20 N. River, Batavia, IL
111 E. Wilson St., Batavia, IL
115 E. Wilson St., Batavia, IL

EXHIBIT C

Fisher Property Legal Description

113 E. Wilson St. Batavia, IL

PARCEL ONE:

THE WESTERLY 26 FEET OF THE EASTERLY 66 FEET OF THE SOUTNERLY 118 FEET OF LOT 4 IN BLOCK 7 OF THE ORIGINAL TOWN OF BATAVIA, ON THE EAST SIDE OF THE FOX RIVER, IN THE CITY OF BATAVIA, KANE COUNTY, ILLINOIS.

PARCEL TWO:

EASEMENT FOR USE AS ALLEY CREATED BY INSTALLMENT AGREEMENT FOR DEED RECORDED MARCH 22, 1968, AS DOCUMENT 1110021 MADE BY PASETTI TO FITCH AND OTHERS FOR THE BENEFIT OF PARCEL 1 OVER THE SOUTHERLY 120.64 FEET (EXCEPT THE EASETERLY 66 FEET THEREOF) OF LOT 4 IN BLOCK 7 OF THE ORIGINAL TOWN OF BATAVIA, ON THE EAST SIDE OF THE FOX RIVER, IN THE CITY OF BATAVIA, KANE COUNTY, ILLINOIS.

Property Address: 113 E. Wilson St., Batavia, IL 60510

PIN: 12-22-276-010-0000

Exhibit D

Frydendall Property Legal Description

121 E. Wilson St. Batavia, IL

THAT PART OF LOT 5 IN BLOCK 7 OF THE ORIGINAL TOWN OF BATAVIA, ON THE EAST SIDE OF FOX RIVER, DESCRIBED AS FOLLOWS: COMMENCING AT A POINT IN THE SOUTH LINE OF SAID LOT, 31 FEET EASTERLY FROM THE SOUTHWESTERLY CORNER THEREOF; THENCE NORTHERLY PARALLEL WITH THE WESTERLY LINE OF SAID LOT 118 FEET; THENCE EASTERLY PARALLEL TO THE SOUTHERLY LINE OF SAID LOT 18 FEET; THENCE SOUTHERLY PARALLEL WITH THE WESTERLY LINE OF SAID LOT 118 FEET TO THE SOUTHERLY LINE THEREOF; THENCE WESTERLY ALONG THE SOUTHERLY LINE OF SAID LOT 5, 18 FEET TO THE POINT OF BEGINNING, IN THE CITY OF BATAVIA, KANE COUNTY, ILLINOIS

Property Address: 121 E. Wilson St., Batavia, IL 60510

PIN: 12-22-276-014-0000

EXHIBIT E

Legal Description

8 N. River and 109 E. Wilson Easement

THE WESTERLY 9 FEET OF THE SOUTHELY 118 FEET OF LOT 4, BLOCK 7, OF THE ORIGINAL TOWN OF BATAVIA, ON THE EAST SIDE OF FOX RIVER, IN THE CITY OF BATAVIA, KANE COUNTY, ILLINOIS.

EXHIBIT F

Legal Description

8 N. River St. and 109 E. Washington St., Batavia, IL

LOT 4 (EXCEPT THE EASTERLY 66 FEET OF THE SOUTHERLY 118 FEET) AND THAT PART OF LOT 2, DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHEAST CORNER OF SAID LOT 4; THENCE WESTERLY AT RIGHT ANGLES TO THE EAST LINE OF SAID LOT 4, TO A POINT IN THE WEST LINE OF SAID LOT4 EXTENDED NORTHERLY; THENCE SOUTHERLY ALONG SAID EXTENDED WEST LINE OF DAID LOT 4 TO THE NORTHWEST CORNER OF SAID LOT 4; THENCE EASTERLY ALONG THE NORTH LINE OF SAID LOT 4 TO THE POINT OF BEGINNING, ALL IN BLOCK 7 OF THE ORIGINAL TOWN OF BATAVIA, ON THE EAST SIDE OF FOX RIVER, IN THE CITY OF BATAVIA, KANE COUNTY, ILLINOIS.

EXHIBIT G

**Legal Description for Redevelopment Site
(all parcels)**

THAT PART OF SECTION 22, TOWNSHIP 39 NORTH, RANGE 8 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHEAST CORNER OF BLOCK 7 OF THE ORIGINAL TOWN OF BATAVIA, KANE COUNTY, ILLINOIS; THENCE SOUTHERLY, ALONG THE WESTERLY LINE OF WASHINGTON AVENUE TO THE NORTHERLY LINE OF WILSON STREET; THENCE WESTERLY, ALONG SAID NORTHERLY LINE, TO THE SOUTHEAST CORNER OF LOT 3 IN SAID BLOCK 7; THENCE NORTHERLY, ON THE EAST LINE OF SAID LOT 3 TO THE NORTHEAST CORNER THEREOF; THENCE NORTHERLY, PARALLEL WITH THE EAST LINE OF LOT 2 OF SAID BLOCK 7, A DISTANCE OF 10.0 FEET; THENCE WESTERLY, PARALLEL WITH THE SOUTHERLY LINE OF SAID LOT 2, TO THE EAST LINE OF RIVER STREET; THENCE NORTHERLY, ALONG SAID EAST LINE, TO THE SOUTH LINE OF STATE STREET; THENCE EASTERLY, ALONG SAID SOUTH LINE TO THE POINT OF BEGINNING, ALL IN THE CITY OF BATAVIA, KANE COUNTY, ILLINOIS.

EXHIBIT H

List of Public Improvements

- | | | |
|-----------|---|--|
| 1. | Off-site Storm Sewer | City responsibility and cost |
| 2. | Off-site Sanitary Sewer | City responsibility and cost |
| 3. | Off-site Watermain | City responsibility and cost |
| 4. | Off-site Electric (see attached) | City responsibility and cost |
| 5. | Route 25 Turn-In/Turn-Out Lanes | Developer responsibility and cost |
| 6. | Streetscape improvements | Developer responsibility and cost up to \$400,000 |
| 7. | Sidewalk & Right-of-Way | Developer responsibility and cost |
| 8. | Public Parking Facility | Developer responsibility and cost |
| 9. | Onsite utility connections | Developer responsibility and cost |

Electric Improvements

EXHIBIT I
Preliminary Plans

EXHIBIT J

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT ("Agreement") is made and entered into _____, 2016 (or such later date that Purchaser receives a fully executed copy of this Agreement) by and between **CITY OF BATAVIA**, AN ILLINOIS MUNICIPAL CORPORATION ("Seller"), and **1 N. WASHINGTON LLC**, AN ILLINOIS LIMITED LIABILITY COMPANY ("Purchaser").

RECITALS:

- A.** Seller is the owner of the "Property" described below.
- B.** Seller and Purchaser have entered into that certain written agreement captioned *1 North Washington St. Redevelopment Agreement* dated of even date herewith (the "Redevelopment Agreement") and the terms defined in that Redevelopment Agreement shall have the same meanings in this Purchase and Sale Agreement unless those terms are defined differently herein.
- C.** Upon the satisfaction of, and subject to, the terms and conditions set forth in this Agreement, Seller has agreed to sell the Property to Purchaser, and Purchaser has agreed to purchase the Property from Seller.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Purchaser and Seller hereby agree as set forth below.

Section 1. Notice and Effective Date.

This Agreement shall become effective thirty (30) days after the (a) City of Batavia acquires title to the Fisher Property and the Frydendall Property identified in the 1 North Washington St. Redevelopment Agreement entered into contemporaneously between the parties to this Purchase and Sale Agreement (the "Redevelopment Agreement") and gives notice to the Developer (the "**First Notice**"), (b) the buildings are demolished, (c) the City has done the environmental testing and remediation, if necessary, and the property is ready for construction, and (d) the parking lots and parking facilities are demolished, as of the date that the City of Batavia gives written notice that these *Conditions Precedent to the Effective Date* are satisfied and the Seller is ready to proceed (the "**Second Notice**") (hereinafter the "**Effective Date**"),

Section 2. Purchase and Sale of the Property.

Subject to and in accordance with the terms and conditions contained in this Agreement, and consistent with and subject to the terms of the Redevelopment Agreement, Seller agrees to sell, assign, convey, and transfer to Purchaser all Seller's right, title and interest in and to the "Property" (as hereinafter defined), and Purchaser hereby agrees to purchase the Property for Ten and No/100th Dollars, the additional consideration from the Developer being contained in the Redevelopment Agreement. For purposes hereof the "Property" is collectively defined as set forth in paragraphs 1a, b and c below:

a. Land. Subject to the permitted exceptions (as defined below), fee simple title to that certain real property commonly known as 1 N. Washington Street, 20 N. River Street, 111, 113, 115, 121 and 133 E. Wilson St., Batavia, Illinois, which real property is identified as the Redevelopment Site and more particularly described in **Exhibit "E"** of the Redevelopment Agreement ("Land"). The Land and the "Improvements" (hereinafter defined) are together called the "Real Property".

b. Appurtenances. All rights, privileges and easements appurtenant to the Real Property, all development rights, water rights, mineral rights, and air rights relating to the Real Property and any and all easements, rights-of-way and other appurtenances used in connection with the beneficial use and enjoyment of the Real Property (“Appurtenances”).

c. Awards. All right, title and interest to any unpaid awards for damages to the Real Property resulting from any casualty, taking in eminent domain or by reason of change of grade of any street accruing after closing of the purchase and sale pursuant to this Agreement.

Section 2. Due Diligence Period; Contingency; Closing Date.

a. Initial Due Diligence Period. For ninety (90) day period that begins on the date of the First Notice (the "Initial Due Diligence Period"), Purchaser and/or Purchaser’s consultants, shall have the right to: (i) enter upon and investigate the Property from time to time to examine and inspect same and to make such feasibility, financing, environmental, development, survey, title, zoning, regulatory, utility, engineering, soil and other tests and studies as are deemed necessary or desirable by Purchaser; and (ii) file the necessary and appropriate applications for zoning and other approvals for the redevelopment of the site as a multi-story apartment building on top of a public parking garage identified in Section 1.02(b) of the Redevelopment Agreement. Purchaser shall indemnify and save Seller and the Property harmless from any and all obligations, claims, accounts, demands, liens or encumbrances, including costs and expenses (including attorney's fees and costs of suit) in any way relating to or arising from the acts of Purchaser or those acting by, through or under Purchaser pursuant to this paragraph. In the event said investigation, examination and inspection is unacceptable to Purchaser, for any reason, Purchaser may by notice to Seller given no later than the fifth (5th) Business Day following the expiration of the Initial Due Diligence Period, terminate this Agreement, and in such event this Agreement shall thereafter be null and void, and neither party hereto shall have any claim against the other (provided, however, the foregoing provisions of this sentence shall not be construed to limit or waive any indemnification provision set forth in this Agreement which shall survive termination of this Agreement). In the case that Purchaser has conducted soil test or any other activity requiring excavation, and thereafter terminates this Agreement, Purchaser shall restore the grade of the Land to its general condition prior to such testing.

b. Zoning & Approval Period. Provided that the Purchaser submits to the City applications for zoning and preliminary plan approvals within sixty (60) days after the Seller provides the First Notice and proceeds forward with the diligent pursuit of zoning and preliminary plan approval, in the event the zoning and preliminary plan approval is unacceptable to Purchaser, for any reason, Purchaser may by written notice to Seller given no later than the thirtieth (30th) day following the zoning and preliminary plan approval, terminate this Agreement, and in such event this Agreement shall thereafter be null and void, and neither party hereto shall have any claim against the other.

c. Closing Date. Provided neither party has not elected to terminate this Agreement within the Initial Due Diligence Period or Zoning & Approval Period, the "Closing" of the transaction contemplated hereby shall occur within thirty (30) days after the end of the close of the Zoning & Approval Period or from the Second Notice, whichever is later, or otherwise on a date that is mutually agreed upon by Purchaser and Seller (the "Closing Date"). The Closing shall take place through escrow (“Escrow”) on the Closing Date at the offices of Chicago Title Insurance Company, 1795 IL-38, Geneva, IL 60134 (the "Title Insurer"). Possession of the Property shall be delivered to Purchaser on the Closing Date free and clear of the rights of all third parties, excepting Purchaser and/or affiliates of Purchaser identified by Purchaser in writing.

Section 3. Property Information / Title and Survey.

a. Current Title. Seller shall, at Seller’s sole cost and expense, secure: (i) a current (dated subsequent to the First Notice) title commitment from the Title Insurer for the Land, and (ii) legible copies of all

documents of record affecting the Real Property as disclosed in the title commitment (the "Title Information"), and obtain all of same no later than thirty (30) days after the First Notice. Not later than thirty (30) days following receipt of all Title Information (the "Title Advisory Date"), Purchaser shall provide written notice to Seller of ("Purchaser's Title Notice"): (i) permitted exceptions to title (ii) the Redevelopment Agreement and easements and other obligations specified therein and (iii) any matters affecting title to the Real Property which are not permitted by Purchaser as to which Purchaser disapproves, and pursuant to said notice request that Seller correct such unpermitted title matters. Seller shall, in the exercise of its reasonable discretion, advise Purchaser not later than the fifth (5th) business day following its receipt of Purchaser's Title Notice (the "Title Response Date"), as to whether Seller intends to correct the unpermitted title matters or provide endorsement coverage with respect thereto prior to the Closing. If Seller elects not to correct the unpermitted title matters, or if Seller elects not to provide endorsement coverage, or if Seller provides no notice to Purchaser by 5:00pm on the Title Response Date (in which event Seller shall be deemed to have elected not to correct the unpermitted title matter), Purchaser shall have the option to either waive its objection or cancel this Agreement in writing to Seller given no later than the later of: (i) the expiration of the tenth (10th) Business Day following expiration of the Initial Due Diligence Period, and (ii) the expiration of the tenth (10th) Business Day following the Title Response Date. If Seller elects to correct an unpermitted title matter by way of endorsement coverage, Purchaser shall have the right to approve the form and content of the endorsement, which approval shall be in Purchaser's sole and absolute discretion.

b. **Current Survey.** Seller shall, at Seller's sole cost and expense, secure a current (dated subsequent to the Second Notice) ALTA/ACSM survey of the Real Property (the "Survey"). Not later than ten (10) days following receipt of all Survey (the "Survey Advisory Date"), Purchaser shall provide written notice to Seller of ("Purchaser's Survey Notice") of any matters affecting title to the Real Property which are not permitted by Purchaser as to which Purchaser disapproves, and pursuant to said notice request that Seller correct such unpermitted title matters. Seller shall, in the exercise of its reasonable discretion, advise Purchaser not later than the fifth (5th) business day following its receipt of the Survey ("Survey Response Date") as to whether Seller intends to correct any unpermitted title matters or provide endorsement coverage with respect thereto prior to the Closing. If Seller elects not to correct the unpermitted title matters, or if Seller elects not to provide endorsement coverage, or if Seller provides no notice to Purchaser by 5:00pm on the Title Response Date (in which event Seller shall be deemed to have elected not to correct the unpermitted title matter), Purchaser shall have the option to either waive its objection or cancel this Agreement in writing to Seller given no later than the expiration of the fifth (5th) Business Day following the Title Response Date. If Seller elects to correct an unpermitted title matter by way of endorsement coverage, Purchaser shall have the right to approve the form and content of the endorsement, which approval shall be in Purchaser's sole and absolute discretion.

Section 4. Prorations. Seller and Purchaser agree that some of the Property is currently exempt from Real Property taxation, that there are no utilities charged to Seller for operation of the lighting on the Property, and no other utility which may result in a charge to Seller and/or to Purchaser, and there are no other expenses to be prorated. The Purchaser agrees and acknowledges that the current tax exemption applicable to the City property shall expire upon transfer of title.

Section 5. Conditions to Closing. Purchaser's obligation to purchase the Property shall, in addition to any other conditions set forth in this Agreement, be conditional and contingent upon satisfaction, or written waiver by Purchaser, of each and all of the below listed conditions on or before Closing Date (the "Conditions"):

a. **Title Policy.** On the Closing Date, Title Insurer shall be irrevocably committed to issue to Purchaser an ALTA extended coverage owner's policy of title insurance for the Real Property, with such endorsements requested by Purchaser (the "Title Policy") subject only to the permitted exceptions to title. Seller agrees that it will not cause any matters to affect title to the Real Property which would constitute further exceptions under the Title Policy.

b. **Covenants, Representations and Warranties.** The covenants of Seller are fully performed, and the representations and warranties of Seller are true and correct, on the Closing Date.

c. No Condemnation. The Real Property is not subject, in whole or in part, to any condemnation proceeding, or threat thereof, on the Closing Date.

d. No Third Parties in or with right to Possession. No person or entity has, or claims to have, any right to possession of the Real Property or is in possession of the Real Property, whether by lease, license, or other means or claim of right, and no person or entity is in possession of the Real Property, with the exception of the federal post office box and other mailboxes on the site, which shall remain on the property where located or be moved by mutual agreement to another location on the City property or Purchaser's adjacent property.

e. Redevelopment Agreement. All "*Contingencies Precedent to Transfer of Title*" (as defined in Section 3.02 of the Redevelopment Agreement) are fully satisfied (or waived in writing by Purchaser), and/or Purchaser has not terminated the Redevelopment Agreement. In the event of any of the above conditions, or such other conditions in this Agreement contained, are not satisfied or waived by Purchaser on or before the Closing Date, Purchaser may: (i) terminate this Agreement, (ii) elect to waive such condition and proceed with the Closing, and/or (iii) pursue any and all other remedies available to Purchaser at law or in equity if the failure of such condition is due to a default of Seller of its obligations under this Agreement or under the Redevelopment Agreement..

Section 6. Documents to be Delivered at Closing. On the Closing Date, the following fully executed documents and/or items, acknowledged where appropriate, and in form and substance reasonably satisfactory to Purchaser shall be delivered to the Escrow (together referred to herein as the "Closing Documents"):

a. Deed. A Special Warranty Deed ("Deed") from Seller in form and content reasonably acceptable to Seller and Purchaser, conveying good and insurable fee simple title, subject to the permitted exceptions, and otherwise in recordable form.

b. Settlement Statement. A settlement statement prepared by the parties or the Title Insurer and acceptable to Purchaser and Seller showing all cash receipts and disbursements to be made on the Closing Date.

c. Title Policy. The Title Policy issued by the Title Insurer in the amount that Purchaser deems appropriate, insuring fee simple title Real Property as being vested in Purchaser, subject only to the permitted exceptions, and containing such endorsements as Purchaser may require. Purchaser shall be responsible to have the Title Policy delivered at the Closing (in a marked up and signed commitment or signed pro forma format so that upon closing the Title Insurer is insuring Purchaser's title to the Real Property, as opposed to committing to insure title), with the original Title Policy endeavored to be delivered to Purchaser within five (5) Business Days following the Closing Date. The cost of the Title Policy shall be borne by the Purchaser.

d. Non-Foreign Status Affidavit. An Affidavit of Non-Foreign Status executed by Seller in form and content reasonably acceptable to Seller and Purchaser, if necessary.

e. . All other documents affecting title to or possession of the Property and necessary to transfer or assign the same to Purchaser as provided herein, including without limitation, documents reasonably required by the Title Insurer.

Section 7. Representations and Warranties of Seller. Seller represents and warrants, and covenants and agrees as follows for the benefit of Purchaser and Purchaser's successors and assigns:

a. Status of and Execution by Seller. Seller is now, and on the Closing Date will be in duly empowered and authorized to do all things required of it under or in connection with this Agreement. All agreements, instruments, and documents herein provided to be executed or to be caused to be executed by Seller will

be duly executed by and binding upon Seller and enforceable according to their terms. Seller is the fee simple owner of the Real Property.

b. Non-Foreign Status. Seller is not a "foreign person" as defined in, and Purchaser shall not be required to withhold any portion of the Base Purchase Price pursuant to, Internal Revenue Code Section 1445.

c. Litigation and Condemnation. Seller has not received notice that any actions, suits, or proceedings of any kind are pending or threatened against or affecting Seller or the Property in any court of law or in equity or in arbitration or by any governmental department, commission, board, bureau, agency, or other instrumentality which might materially adversely affect the ownership or operation of the Property or the ability of Seller to timely perform its obligations under this Agreement. To Seller's knowledge, Seller has not received notice of any condemnation action threatened or pending against the Real Property, or any proposed or pending special assessment proceeding.

d. Violation of Laws. Seller has not received written notice that the Real Property is in violation of any order, judgment, injunction, award or decree of any court or agency of competent jurisdiction or any other requirement of any governmental authority or arbitrator or Board of Fire Underwriters applicable to the Real Property.

e. No Leases/Rights of Third Parties. There are no leases, licenses or other rights of third parties to occupy or use the Real Property or any portion thereof, except for the mailboxes, which shall remain on the property where located or be moved by mutual agreement to another location on the City property or Purchaser's adjacent property.

f. Special Assessments. Seller has not received any notice or information concerning any assessments for improvements (site or area) which have been or are to be installed by any public authority, the cost of which is to be assessed in whole or in part against any part of the Real Property.

g. Authority to Contract. Neither this Agreement nor anything provided to be done hereunder, or required to be done hereunder to effectuate the transaction contemplated hereunder, by Seller, including but not limited to the conveyance of the Property, will violate any contract, agreement or instrument to which Seller is a party to and/or which affects the Property.

h. Recapture Agreements. There are no obligations in connection with the Real Property for any so called "recapture agreements" involving refund, participation or payment of monies, nor any charge for work or services done, or to be done, upon or relating to or benefitting, whether now or in the future, the Real Property.

Seller shall be required to state in writing prior to Closing exceptions to the above listed representations, warranties, and covenants, in which case Purchaser may (i) terminate this Agreement if such exceptions are not reasonably acceptable, (ii) elect to close this transaction notwithstanding such exceptions, and/or (iii) pursue any and all other remedies available to Purchaser at law or in equity. The representations and warranties contained in this Agreement shall survive the Closing and the recordation of the Deed. Any liability of Seller arising in connection with the representations and warranties contained in this Agreement, however, shall terminate three hundred sixty five (365) days from the Closing Date, except for any claims asserted prior to the expiration of such three hundred sixty five (365) day period.

Section 8. Default. Seller shall be in default under this Agreement (i) if Seller breaches any representation or warranty of Seller contained in this Agreement, (ii) if Seller fails to timely perform any of its covenants, agreements, and/or obligations contained in this Agreement, (iii) if, as of Closing, there exists any unpermitted title and/or survey exceptions, and (iv) if any of the conditions set forth in Section 5 above or elsewhere contained in this Agreement are unsatisfied as of Closing as the result of Seller's action or inaction. Purchaser shall provide Seller with written notice of default and Seller shall be entitled to cure any such default within ten (10) days of receipt of Purchaser's

notice of default. In the event of an uncured default by Seller under this Agreement, Purchaser shall, notwithstanding anything to the contrary contained in this Agreement, have all remedies specified in this Agreement and all other remedies available to Purchaser at law or in equity, including without limitation, specific performance. The recitation of a specific remedy in this Agreement shall not exclude any and all other remedies available to Purchaser at law or in equity.

Purchaser shall be in default under this Agreement if Purchaser breaches any representation or warranty of Purchaser herein contained in this Agreement or if Purchaser fails to timely perform any of its covenants, agreements, and/or obligations contained in this Agreement. In the event of a default by Purchaser under this Agreement which is not cured within ten (10) days of written notice of default received by Purchaser from Seller, Seller's sole and exclusive remedy hereunder shall be to terminate this Agreement by notice to Purchaser, whereupon all rights, duties and obligations of the parties under this Agreement shall terminate.

The default provisions shall be construed in harmony with and subject to the terms of the Redevelopment Agreement.

Section 9. Miscellaneous.

a. Possession. Possession of the Real Property shall be delivered to Purchaser on the Closing Date.

b. Attorney Fees. In the event that a party hereto is in default of its obligations herein contained and the non-defaulting party sues to enforce its rights hereunder, the defaulting party shall pay all of the costs and expenses (including reasonable attorney fees) incurred by the non-defaulting party in the enforcement of the terms and provisions of this Agreement, including causing the return and disbursement of the any monies held in trust to Purchaser if same is entitled to the return thereof.

c. Offer and Acceptance. Delivery by Purchaser to Seller of a copy of this Agreement executed by Purchaser shall constitute an offer to purchase the Property upon the terms and conditions herein set forth which offer shall be effective for a period of fifteen (15) full Business Days following the time of such delivery. If Seller fails to deliver a fully executed counterpart of this Agreement to Purchaser prior to expiration of such fifteen (15) full Business Day period, then at Purchaser's sole option, said offer may be revoked and rescinded in its entirety at any time thereafter, and upon such revocation and rescission, said offer and this Agreement shall have no further force or effect. The signature of the City Administrator shall be considered acceptance of the Agreement, provided that the Agreement is subject to the condition subsequent of the City Council's approval at a regular or special public meeting.

d. Counterparts. This Agreement and any document or instruments executed pursuant hereto may be executed in any number of counterparts each of which shall be deemed an original, but all of which together shall constitute one and the same instruments.

e. Laws of Illinois. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois. In case of litigation, venue for any proceedings arising under this Agreement shall be in Kane County, Illinois

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

g. Delivery of Property Free of Rights of Others. Seller shall deliver the Real Property at Closing, free and clear of any and all rights of third parties to occupy or use the Real Property other than Purchaser and/or affiliates of Purchaser identified in the Redevelopment Agreements, easements that are referenced in the Redevelopment Agreement or other written agreement between the parties.

h. Successors and Assigns. This Agreement and the terms and provisions hereof shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Purchaser, without the consent of Seller, may at any time on or after the date hereof assign all of its right, title, interest and obligations in and to this Agreement to its nominee and upon such assignment, Purchaser shall be relieved of any and all obligations and liability under this Agreement.

j. Costs. The parties agree that, being a municipal corporation, the transaction is not subject to state and county transfer taxes, and that there are no local real estate transfer taxes. . Purchaser shall be liable for the premium for the extended coverage policy of title insurance and any endorsements thereto, the cost of the Survey, its legal counsel and consultant fees, all brokers, and the escrow fees. Purchaser shall also pay all costs associated with any financing, nominal recording fees, to the extent imposed upon Purchaser pursuant to local ordinance any municipal or local transfer taxes or the like, and its legal counsel and consultant fees Seller and Purchaser shall each be responsible for paying their respective legal fees and costs, if any, outside of escrow.

k. Notices. All notices and demands given or required to be given by any party hereto to any other party (“notices”) shall be in writing and shall be delivered in person or sent by telecopy with electronic confirmation of receipt thereof and with concurrent mailing by U.S. Postal Service delivery, or by a reputable overnight carrier that provides a receipt, such as Federal Express or UPS, or by registered or certified U.S. mail, postage prepaid, addressed as follows (or sent to such other address as any party shall specify to the other party pursuant to the provisions of this Section):

TO PURCHASER:

David Patzelt, President;
1 N. Washington LLC
17 N. First Street
Geneva, IL 60134
630-232-8570
email: dave_patzelt@shodeen.com

and:

Kate McCracken
Hoscheit, McGuirk, McCracken & Cuscaden, P.C.
1001 E. Main St., Ste G
St. Charles, IL 60174
(630) 513-8700
kate@hmcpc.com

To City:

Laura Newman
City of Batavia
100 North Island Avenue
Batavia, IL 60510
email: cityadministrator@cityofbatavia.net

With a copy to:

City Clerk
City of Batavia

Batavia, IL 60510
email: cityclerk@cityofbatavia.net

ANY NOTICE REQUIRED FOR UNDER THIS AGREEMENT MAY ALSO BE SENT BY EMAIL. All notices delivered in the manner provided herein shall be deemed given upon actual receipt (or attempted delivery if delivery is refused).

Business Day. For purposes of this Agreement, “business day” or “Business Day” shall mean Monday through Friday, excluding New Year’s Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day, and other legal holidays normally observed by business offices government offices, and/or banking offices.

Section 10. Broker. Seller represents and warrants that it has not dealt with any broker in connection with this Agreement and/or the transaction contemplated herein.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

PURCHASER:
1 N. WASHINGTON LLC., AN ILLINOIS LIMITED LIABILITY COMPANY

BY: _____
ITS: _____
NAME: _____

SELLER:
CITY OF BATAVIA, AN ILLINOIS MUNICIPAL CORPORATION

BY: _____
ITS: _____
NAME: _____

EXHIBIT K

SSA

**CITY OF BATAVIA
ORDINANCE (Ordinance Number)
AN ORDINANCE ESTABLISHING SPECIAL
SERVICE AREA NUMBER (SSA Number)
(SUBDIVISION Name and Unit Number)**

**ADOPTED BY THE
MAYOR AND CITY COUNCIL
OF THE
CITY OF BATAVIA
THIS (Date) DAY OF (MONTH), (Year)**

Published in pamphlet form
by authority of the Mayor
and City Council of the
City of Batavia,
Kane County, Illinois, this
(DATE) day of (MONTH), (YEAR)

ORDINANCE (Ordinance Number)
AN ORDINANCE ESTABLISHING SPECIAL
SERVICE AREA NUMBER (SSA Number)
(1 N. WASHINGTON REDEVELOPMENT)

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BATAVIA, KANE COUNTY, ILLINOIS, AS FOLLOWS:

SECTION 1: Authority to Establish Special Service Area.

Special Service Areas are established pursuant to Article VII, Section 7, of the 1971, the Special Service Area Tax Law (65 ILCS 200/27-5 et seq.).

SECTION 2: Findings.

- A. The question of the establishment of the Area hereinafter described as a Special Service Area is considered by the City Council pursuant to an Ordinance entitled, "An Ordinance Proposing Establishment of a Special Service Area (Special Service Area No. (SSA Number) in the City of Batavia, Kane County, Illinois, and Providing for a Public Hearing and Other Procedures in Connection Therewith", adopted (Date of Proposing Ord), and is considered pursuant to a Hearing held on (Hearing Date), by the City Council, pursuant to Notice duly published in the (Newspaper), a newspaper published in the City of Batavia, at least fifteen (15) days prior to the Hearing, and pursuant to Notice by mail addressed to the person or persons or trustee in whose name the general taxes for the last preceding year were paid on each lot, block, tract or parcel of land lying within the Special Service Area. Said Notice was given by depositing said Notice in the United States Mails not less than ten (10) days prior to the time set for Public Hearing. A Certificate of Publication of said Notice and Receipts of Mailing of said Notice are attached to this Ordinance as Exhibits 1 and 2; said Notices conformed in all respects to the requirements of Section 5 of Public Act 78-901, aforesaid.
- B. That a Public Hearing on the questions set forth in the Notice was held on (Hearing Date). All interested persons were given an opportunity to be heard on the question of an annual tax for maintenance of said basins, as set forth in the Notice. The Public Hearing was adjourned at (Time) p.m. on (Hearing Date).
- C. That after considering the information, as presented at the Public Hearing, the City finds that it is in the public interest and in the interest of the City of Batavia Special Service Area No. (SSA number) that said Special Service Area, as hereinafter described, be established.

- D. Said Area is compact and contiguous and constitutes a unique residential area of Batavia.
- E. It is in the best interests of said Special Service Area that the furnishing of the municipal services proposed be provided. The proposed municipal services are unique and in addition to the municipal services provided to the City of Batavia as a whole.

SECTION 3: The City of Batavia Special Service Area No. (SSA number) established.

A Special Service Area to be known and designated as "City of Batavia Special Service Area No. (SSA number)" is hereby established and shall consist of the territory described on Exhibit 3 attached hereto.

SECTION 4: Purpose of Area.

City of Batavia Special Service Area No. (SSA number) is established to provide special municipal services to the Area in addition to services provided to the City generally. The purpose of the formation of the City of Batavia Special Service Area No. (SSA number) is to provide special municipal services to the Area in connection with the redevelopment of the property, including but not limited to a public parking facility and associated public improvements, including streetscape improvements and landscaping, all of which is pursuant to the terms of a certain Redevelopment Agreement (1 N. Washington Avenue) between the owners of the Property and the City of Batavia dated _____, 2016 ("Redevelopment Agreement").

Annual taxes may be levied for the special services enumerated herein, on property in said Special Service Area No. (SSA number), for said Special Service Area, in addition to all other City taxes pay the difference between in keeping with the terms of the Redevelopment Agreement the tax increment generated from the Project, as defined in the Redevelopment agreement, and the debt service payments when those payments are due; provided, that the special annual taxes shall be limited so that the total of said tax does not exceed an annual amount of 50 cents (\$.50) per \$100.00 of assessed value, as equalized, to be levied against the property included in Special Service Area No. (SSA number).

SECTION 5: Effective Date.

This ordinance shall become effective from and after its passage, approval and publication in pamphlet form in the manner prescribed by law.

PRESENTED to the City Council of the City of Batavia, Illinois, on the (Date)th day of (Month), 2005.

PASSED by the City Council of the City of Batavia, Illinois, on the (Date)th day of (Month), 2005.

APPROVED by me as Mayor of said City of Batavia, Illinois, on the (Date)th day of (Month), 2005.

Ayes _____
Nays _____
Absent _____
Abstentions _____
Total Holding Office _____

Prepared by and after recording return to: John S. Noble, Batavia Government Center, 100 N. Island Ave., Batavia, Illinois 60510

EXHIBIT 1

CERTIFICATE OF PUBLICATION

TO BE INSERTED LATER

EXHIBIT 2
RECEIPT OF MAILING

(PERSON MAILING NOTICES), being first duly sworn on oath, states that **s/he** did deposit a copy of the document hereinafter specified in the United States Post office Box in the City of Batavia, Kane County, Illinois, certified with the U.S. postage fully prepaid thereon, on the date hereinafter set forth, enclosed in an envelope properly and securely sealed and plainly addressed to the person or persons hereinafter specified:

Description of Document: Notice of Hearing - SSA #**(SSA number)**

Date of Mailing: **(Date)**

Addressed to:

PIN **Property Owners**

Subscribed and sworn to before
me this **(Date)**

Notary Public

**EXHIBIT 3
(LEGAL DESCRIPTION)
(Subdivision)**

(Legal Description)

EXHIBIT L
Letter of Credit Form

EXHIBIT M

Memorandum of Recording

EXHIBIT N

Priority Reimbursement Schedule

DAP comments: 7/18/16
KM revisions July 21, 2016 (with CA 7/20/2016 insertion)
KGD revisions July 27, 2016
KGD revisions 8-2-2016 after final meeting
KGD revisions 8-11-16 redlined from 8-2-16
Batavia, Illinois

- ~~1.—Inducement reso~~
- ~~2.—Authorizing ord~~
- ~~3.—Insurance~~
- ~~4.—SSA creation as exhibit~~

Draft for Review and Comment Only
Not for Execution
Subject to Internal Staff, City Attorney and
Bond Counsel Review

REDEVELOPMENT AGREEMENT

(1 NORTH WASHINGTON AVENUE)

BETWEEN

1 N. WASHINGTON LLC,
AN ILLINOIS LIMITED LIABILITY COMPANY

AND

CITY OF BATAVIA,
AN ILLINOIS MUNICIPAL CORPORATION

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Exhibit A – Legal Description for 1 N. Washington (“Church Property”)

Exhibit B – Legal Description for the City parking lot parcels, 20 N. River St., 111 E. Wilson St. and 115 E. Wilson St.

- Exhibit C – Legal Description for 113 E. Wilson (“Fisher Property”)
- Exhibit D – Legal Description for 121 E. Wilson (“Frydendall Property”)
- Exhibit E – Legal Description for the Easement in favor of 8 N. River Street and 109 E. Wilson Street (“8 N. River ~~Street~~ and 109 E. Wilson Easement”)
- Exhibit F – Legal Description for 8 N. River Street and 109 E. Wilson (“~~109 E. Wilson Easement~~ Benefitting Property”)
- Exhibit G - Legal Description for all parcels (“Redevelopment Site)
- Exhibit H –Public Improvements (~~with Exclusions and Utility Location Map~~)
- Exhibit I – Preliminary Plans
- Exhibit J – Real Estate Purchase and Sale Agreement
- Exhibit K – SSA Ordinance Form
- Exhibit L – Surety Forms
- Exhibit M - Memorandum of Recording Form
- Exhibit N - Priority Reimbursement Schedule

1 NORTH WASHINGTON ~~AVE.~~ REDEVELOPMENT AGREEMENT

THIS 1 NORTH WASHINGTON AVENUE REDEVELOPMENT AGREEMENT (this "Agreement"), dated as of _____, 2016 (the "Effective Date" or such later date that Developer is in possession of a fully executed copy of this Agreement in which event such later date shall be the Effective Date), is made and entered into by and between **1 NORTH WASHINGTON L.L.C.**, an Illinois ~~corporation~~ limited liability company ("Developer"), and its assigns and **CITY OF BATAVIA**, an Illinois municipal corporation ("City"). Developer and City are sometimes hereinafter together called the "Parties" or individually a "Party".

RECITALS

A. City has the authority to promote the health, safety and welfare of City and its inhabitants, to prevent the spread of blight and to encourage private development in order to enhance the local tax base, create employment, and to enter into contractual agreements with third parties for the purpose of achieving the aforesaid purposes.

B. The City currently owns the property acquired from the First Baptist Church located at 1 N. Washington, Ave. Batavia, IL, and legally described in the document attached hereto and incorporated herein by reference as **Exhibit A** (the "Church Property"), as well as the former Service Master property at 111 E. Wilson Street, vacant property at 115 E. Wilson and current City parking lots at 20 N. River Street, such properties legally described in the aggregate in the document attached hereto and incorporated herein by reference as **Exhibit B** (the "City Property").

C. The properties located at 113 E. Wilson St. Batavia, IL legally described in the document attached hereto and incorporated herein by reference as **Exhibit C** ("Fisher Property") and 121 E. Wilson St. Batavia, IL legally described in the document attached hereto and incorporated herein by reference as **Exhibit D** (the "Frydendall Property") the ~~access driveway~~ easement running in favor of the property at 8 N. River St. legally described in the document attached hereto and incorporated herein by reference as **Exhibit E** (the "8 N. River and 109 E. Wilson Easement") ~~and running in favor of the property at 8 N. River St. and 109 E. Wilson St.~~ legally described in the document attached hereto and incorporated herein by reference as **Exhibit F** ("8. N. River and 109 E. Wilson Easement Benefitting Property"), are presently owned by third parties and shall be acquired by the City and, together with the aforementioned Church Property, former ServiceMaster property and current City parking lots comprise all of the property legally described in the document attached hereto and incorporated herein by reference as **Exhibit G** (the "Redevelopment Site" or "Site").

D. Developer desires to redevelop the Site with a Multi-Story, Mixed Use building on top of a public parking garage with other associated site improvements consisting of the following (the "Project" or "Project Improvements"). Multi-Story, Mixed Use building shall consist of the following:

(1) **A Two Story Public Parking Facility/Commercial Space.** The lower two stories of the improvement shall include a two-story, approximately 300 space parking facility with a portion of the first story and second stories set aside for commercial space with the following characteristics:

(a) **Public Parking Facility.** The Public Parking Facility shall accommodate approximately ~~300-359~~ daytime and overnight public parking spaces, as more specifically provided in Section 4.04 (a) and (b).

(b) **Commercial Space.** The commercial space shall be approximately 6,300 square feet built on top of the partially underground parking facility along River Street and approximately 8,345 square feet of built at the second floor level along E. Wilson Street, for a total of 14,645 square feet.

(2) **Residential Space.** The residential space (Residential Space) shall consist of four (4) stories (stories 3, 4, 5 and 6) and consist of approximately 186 residential units located on top of the Public Parking Facility and commercial space.

(3) **Public Improvements.** The Public Improvements shall include, but not be limited to, the Public Parking Facility and all required site preparation, public utilities, including onsite water, onsite storm sewer, onsite sanitary sewer, ~~offsite and~~ onsite electrical, and ~~offsite~~ public street (including the II Rt. 25 turn off lanes), sidewalk, right-of-way and offsite streetscape improvements identified more specifically in the document attached hereto and incorporated herein by reference as **Exhibit H** (the "Public Improvements"), but shall not include the costs associated with improvements necessary to construct the Residential Space and Commercial Space, which improvements are hereinafter referred to as Private Improvements. The parties agree that proration of some costs shall be necessary as specifically identified in this Agreement. ~~There is a~~No offsite electric, water, sanitary collection or storm sewer system improvements are needed as part of this Project, except those costs required to connect to public utilities located in public right-of-way immediately adjacent to Redevelopment Site.

E. In connection with the Project, Developer shall cause a subdivision of real property, re-conveying to the City a portion of the redeveloped property once it is completed consisting of the Public Parking Facility -certain utility and/or other easements. Additionally, the City shall be granted those rights, and shall be subject to those conditions relating to the operation and maintenance of the Public Improvements.

F. The City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, (65 ILCS 5.11-74.4-1) as amended (the "Act"), to finance redevelopment in accordance with the conditions and requirements set forth in the Act.

G. In order for the Project to be economically feasible for the Developer and to stimulate and induce the redevelopment of the Redevelopment Site, the City has agreed to fund the land acquisition costs and to fund some of the Project costs, and pursuant to the Act. The following ordinances have been adopted by the City establishing the existing TIF districts that affect the Redevelopment Site:

Ordinance No. 89-80, "Ordinance Approving the Riverfront Tax Increment Redevelopment Plan and Riverfront Redevelopment Projects,"

Ordinance No. 89-81, "Ordinance Designating the Riverfront Tax Increment Project Area," and

Ordinance No. 89-82, "Ordinance Adopting Tax Increment Financing for Riverfront Redevelopment Project," all properly adopted by the City Council of the City of Batavia on December 4, 1989.

Ordinance No. 04-09, being an Ordinance Approving the Downtown Tax Increment Redevelopment Plan and Riverfront Redevelopment Projects;

Ordinance No 04-08, being an Ordinance Designating Downtown Tax Increment Project Area; and

Ordinance No. 04-10, being an Ordinance Adopting Tax Increment Financing for Downtown Redevelopment Project," all properly adopted by the City Council of the City of Batavia on March 15, 2004; and

These ordinances, which have been extended by law, are referenced herein as the "Existing TIF Ordinances".

H. The Redevelopment Site is located partially within both the Riverfront Tax Increment Project Area and Downtown Tax Increment Project Area referred to above. In order for the Project to be economically feasible for the Developer and to stimulate and induce the redevelopment of the Redevelopment Site, the City has agreed to use its

best efforts to disconnect the Redevelopment Site from the existing TIF districts and create a new Tax Increment Project Area (hereinafter "Redevelopment Area"), Plan and Project under the applicable statutes. Said creation will withdraw the Redevelopment Site from the redevelopment areas in which it is now located and place it within the Redevelopment Area to be created. In the event City is unable to disconnect the Redevelopment Site from existing TIF districts and create a new Tax Increment Project Area, City shall reimburse Developer its reasonable costs incurred in connection with the Project.

I. For the purpose of paying a portion of the Project Costs, the City Council contemplates reimbursement of TIF reimbursable costs to the Developer in an amount ~~that ranging from of~~ approximately \$14,000,000, including capitalized interest on the bonds to be issued, and ranging up to \$16,000,000, depending on the amount of increment generated from the Project, but not exceeding all of the TIF eligible costs as more fully provided herein.

J. Mayor and the City Council have determined that the Project on the Redevelopment Site will spur on economic growth in the downtown area, creates jobs and stimulate the local economy and without the financing provided by the City, the Project would not be economically viable and the redevelopment would not occur.

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

The recitals set forth above are incorporated herein as material components of this Agreement

ARTICLE I **Duties and Covenants of Developer**

1.01 Duties of Developer. It is acknowledged and agreed that the Project, this Agreement and all Duties of Developer under this Agreement are conditioned on the "Contingencies" as provided and defined in **Article III Contingencies** below. Notwithstanding such Contingencies, Developer shall, in its reasonable discretion proceed with all of the "*Preconstruction Duties*" (hereinafter described in Sections 1.02, 1.03 and 1.04), so that upon the satisfaction or written waiver of the Contingencies to its performance, construction of the "*Improvements*" (hereinafter defined) may commence as soon as reasonably practicable. The foregoing to the contrary notwithstanding, Developer retains the right, from time to time, to terminate the Agreement as provide in Section 3.04.

1.02 Duties of Developer Prior to Acquiring the Redevelopment Site. For purposes of this Agreement, *Duties of the Developer Prior to Acquiring the Redevelopment Site* shall consist of the following:

(a) **Zoning & Preliminary Plan.** Not later than sixty (60) days after the City acquires title to the Fisher and Frydendall properties and extinguishes the 8 N. River and 109 E. Wilson Easement, and provides written notice thereof, Developer shall submit to the City applications for zoning and preliminary plan approvals, including, but not necessarily limited to, site plans, preliminary engineering, preliminary landscape plans and preliminary building elevations "Planned Development Overlay Zoning District Approvals" substantially consistent with the 8-sheet plan set prepared by Nagle Hartray dated June 29, 2015, as updated on June 30, 2016, titled Batavia Preliminary Renderings attached hereto and incorporated herein by reference as **Exhibit I** (the "Preliminary Plans"), previously deemed suitable and appropriate for the Redevelopment Site, and submit materials required for City approval illustrating connections to City public utilities, the grant of easements benefiting City for same, the grant of easements that are necessary for utilities and other purposes. ~~Among other things, the Developer shall submit studies or other analyses of the parking requirements for the Project.~~

(b) **Pro Forma.** The Developer has previously submitted on June 22, 2015, as amended, a pro forma estimate of building costs, financing and financing gaps, and may supplement the pro forma prior to acquisition of the Redevelopment Site. The pro forma shall be considered a material component of this

Redevelopment Agreement, but shall be not attached as an exhibit or be considered a public document; and the pro forma and any and all references to and recitals of the pro forma information and any written review, analysis or report by the City or third party professional consultant retained by the City, shall be protected from disclosure to the public pursuant to Section 7(g) of the Freedom of Information Act (5 ILCS 140/7(g)). The City's agreement and obligation to provide the financing of the Project is made in reliance on the pro forma submitted by the Developer with the intention to make the Project economically feasible. The Developer has an obligation to seasonably update the pro forma to the City for any material changes that occur.

1.03. Acquire Redevelopment Site from City. Subject to the *Contingencies Precedent to Acquisition* identified in Section 3.02(a), and not later than ~~thirty-sixty (3060)~~ days after the last of the Section 3.02(a) contingencies are satisfied or the City takes title to all the property in the Redevelopment Site, whichever is later, Developer shall acquire the Redevelopment Site from the City for the sales price of \$10.00 (Ten Dollars and No Cents), pursuant to the terms and provisions of the Purchase Agreement in substantially the same form as the agreement attached hereto as **Exhibit J**.

1.04. Duties of Developer Prior to Construction of the Project. Subject to the *Conditions Precedent to Developer Construction* identified in Section 3.02(b), the Developer shall perform the following *Duties of Developer Precedent to Project Construction* within the time frames stated below for each item after Developer's acquisition of the Redevelopment Site:

~~(a) **Secure Construction Financing for the Improvements.** Within one hundred eighty (180) days after Developer acquires Redevelopment Site, Developer shall secure a binding loan commitment from a lender of its choosing at interest rates acceptable to Developer. **Plat of Consolidation.** Not later than ninety (90) days after acquisition of the Redevelopment Site, Developer shall obtain City approval of connections to City public utilities and grant of easements benefiting City, grant the easements that are necessary for utilities and other purposes to the City and record them and to obtain approval and record a plat of consolidation of the various parcels comprising the Redevelopment Site into one parcel. Developer shall cooperate with City to ascertain and identify those portions of the Project which are related to the Public Parking Facility and other Public Improvements for purposes of satisfying the City's bonding requirements. The Developer may extend the deadline for the approval and recording of the Plat of Consolidation another ninety (90) days for good cause shown by giving notice in writing thereof, but in any event the recording of the Plat of Consolidation shall be done prior to the issuance of the building permit.~~

(b) Final Engineering, Construction Plans and Approvals. Within one hundred eighty (180) days of acquisition of the Redevelopment Site, Developer shall submit application, if not already submitted, for approval of all permits, consents, authorizations, necessary for the Project construction and the final site plan approvals and engineering plans, site plan, and such other submittals as are necessary and required for the Project consistent with the Preliminary Plans to the City for review and approval (the "Final Plans").

~~(c) **Plat of Consolidation.** Not later than ninety (90) days after acquisition of the Redevelopment Site, Developer shall obtain City approval of connections to City public utilities and grant of easements benefiting City, grant the easements that are necessary for utilities and other purposes to the City and record them and to obtain approval and record a plat of consolidation of the various parcels comprising the Redevelopment Site into one parcel. Developer shall cooperate with City to ascertain and identify those portions of the Project which are related to the Public Parking Facility and other Public Improvements for purposes of satisfying the City's bonding requirements. **Secure Construction Financing for the Improvements.** Within one hundred eighty (180) days after Developer acquires Redevelopment Site, Developer shall secure a binding loan commitment from a lender of its choosing at interest rates acceptable to Developer.~~

~~(d) **Apply for Building Permit.** Not later than one hundred eighty (180) days of acquiring the Redevelopment Site or ninety (90) days from the City approval of Zoning and the Final Plan, whichever is later, Developer shall file an application and all of the documentation necessary to obtain the necessary building and related permit(s):~~

~~_____~~ **(e) Temporary Surety for Bond Interest.** ~~If there will be any gap between the approval of the City bond issuance and the submission of the surety bond for performance and payment of the Project, as provided in subparagraph (g) below, the Developer shall. No~~ later than five (5) days prior to the scheduled approval of the bond issuance, ~~providing that the City has given the Developer at least fifteen (15) days' written notice, the Developer shall obtain and~~ provide proof to the City of the maintenance of a surety bond covering the interest on the bonds over the life of the bond obligation in the event the Developer is unable to obtain financing acceptable to the Developer or the Project does not otherwise proceed forward as the parties have planned. The Temporary surety may be released or used to help satisfy the performance and payment bond obligation required in subparagraph (g) below.

~~_____~~ **(e) Apply for Building Permit.** ~~Not later than one hundred eighty (180) days of acquiring the Redevelopment Site or ninety (90) days from the City approval of Zoning and the Final Plan, whichever is later, Developer shall file an application and all of the documentation necessary to obtain the necessary building and related permit(s).~~

(f) Finalize Construction Contracts. Not later than ninety (90) days after Developer secures its financing approval, Developer shall finalize and issue the contracts for construction of the Project, and obtain from the project general contractor guaranteed pricing of general project construction components, and provide copies of same to the City Community Development Department.

(g) Surety for Performance and Payment. Not later than ~~fifteen-thirty (1530)~~ days after Developer secures its financing approval, and prior to the issuance of a building permit, Developer shall post a letter of credit or bond in the amount equal to 115% of estimated construction costs as surety for performance and payment of constructing the Project Improvements as required by the Batavia Municipal Code in the form attached hereto as **Exhibit L**. The surety for the Public Improvements may be separate from the surety for the balance of Project costs. The City shall authorize the reduction of the surety from time to time as the Project progresses and construction components are completed to the satisfaction of the City, and provided the Developer shows proof of payment to contractors and/or subcontractors for the subject work, accordingly. Reductions shall be requested no more often than monthly and shall be limited to completed components of the construction. Components shall be considered completed though punch list items remain to be addressed.

(h) Insurance. Not later than fifteen (15) days after ~~DeveloperDeveloper~~ secures financing approval, and prior to the issuance of a building permit, Developer shall provide proof of insurance in an amount reasonably acceptable to the City Attorney, naming the City, its employees, officers and agents as named insureds in the amount of 115% of the estimated cost of building completion until the Project is completed.

(i) Condominium Declarations and Covenants Affecting the Development Site. The parties shall agree upon a set of condominium declarations and covenants that apportion the relative rights and duties of the parties to maintain and manage the various elements within the Project. Said documentation shall contain provisions which prevent amendment to said declaration of the respective rights and duties of the parties unless mutually agreed upon by the parties, including property owners associations that may come into existence in the future. The covenants shall be consistent with the public nature of the parking facility, and no provisions shall be included or allowed to be included in the future that would jeopardize the tax exempt nature of the bonds the City will use to fund the Public Parking Facility improvements as long as the bonds are outstanding. Developer may, but is not required to, include all of the residential units as condominium units at any point in time.

1.05. Construction Duties of Developer. After the Developer has completed and satisfied all of the *Duties of Developer Prior to Project Construction*, waived or deemed ~~satisfedsatisfied~~ of all *Conditions Precedent to Developer Construction* identified in Section 3.02(b) and issuance of a the building permit and other approvals for construction of the building, the Developer shall:

(a) Begin Construction of the Project. Begin construction of the Project within ninety (90) days of the issuance of the building permit in accordance with, and subject to: (i) this Agreement, (ii) the applicable local, state and other laws and regulations ("Applicable Laws"), and (iii) the Final Plans and specifications; and

(b) Completion of the Public Parking Facility. Developer shall diligently proceed to complete the improvements and shall substantially complete the Public Parking Facility within eighteen (18) months from the date of the issuance of the building permit. Substantial completion of the Public Parking Facility for purposes of this Section means that the construction is completed, but for punch list items and the one-year maintenance obligations and a request for a certificate of occupancy has been submitted.

(c) Completion of the Project. Subject to the provisions of Paragraph 5.06(d)(x), the Developer shall diligently proceed to complete all of the improvements and shall substantially complete the Project, including all remaining Public Improvements, within twenty-four (24) months after the date of substantial completion of the Public Parking Facility as determined by the City Engineer. Substantial completion of the Project means the construction is completed, but for punch list items, and a request for a certificate of occupancy permit has been submitted for the residential portion of the Project ("Project Completion").

1.06. Developer's Standard of Performance. Developer shall perform all such duties enumerated in Sections 1.01 through 1.05, with the level of care, competence, judgment, diligence and performance which can reasonably be expected of a real estate development firm in the greater metropolitan area of City of Chicago having experience in the type of development required pursuant to the Project Plan.

1.07. Disruption of Public Use or Public Property. Developer shall undertake the completion of the Project in a manner that is in the best interest of the Project, while acknowledging that the Redevelopment Site is bordered in part by public streets and walks. Developer shall perform all acts reasonably necessary to provide for continued public use of such affected sidewalks and streets without delaying the Project. Developer shall not disrupt the public use of City streets, City sidewalks and other City property without prior approval by the City of a reasonable detour plan, which approval of the City shall not be unreasonably withheld, conditioned or delayed, and Developer shall use its diligent, good faith and reasonable efforts, at all times and in a manner consistent with the Project Plan, to minimize the disruption to the public, and to obtain any approvals required of the State (IDOT) affecting roads under State jurisdiction such as Washington Street and Wilson Street, both of which function as part of Illinois Route 25 with the cooperation of the City. Both parties acknowledge that some road closure will be necessary for at some time or times during the construction of the Project that may extend for weeks or months, but the parties shall coordinate together to minimize those closures and, specifically, to minimize any closures of that portion of the roads that are part of Illinois Route 25.

1.08. Prevailing Wage Act. Developer hereby acknowledges that the Public Improvements must be completed in compliance with the Prevailing Wage Act 820 ILCS 130/01 et seq. Developer shall insure that every contract and subcontract, purchase order and invoice (in the event there is no written contract) must contain a written requirement that all work done under such contract, subcontract, purchase order or invoice must be done in compliance with the Prevailing Wage Act, including the obligation to pay not less than the prevailing rates of wages to all laborers, workmen, and mechanics performing work on the Public Improvements and in compliance with the requirements of the Illinois Wages of Employees on Public Works Act 820 ILCS 130/1-12, to the extent they are applicable, including without limitation, the submission of certified monthly payroll reports as required by 820 ILCS 130/5. Any failure to timely submit certified monthly payroll reports shall be cause for the withholding of payments otherwise due under this Agreement until compliance with the reporting requirements is achieved. Any bond or other surety furnished under this Agreement shall include such provisions as will guarantee the faithful performance of this prevailing wage clause. Compliance with the Prevailing Wage Act, to the extent that it applies, shall be the Developer's obligation, and the Developer shall indemnify and hold harmless the City from and against liabilities that might attach for non-compliance. It is acknowledged and agreed that the provisions of this Section 1.08 apply only to the construction of the above described Public Improvements, and not to the maintenance, repair and or replacement of same following initial construction except as required by law for the Public Improvements.

1.09 Plat of Condominium and Covenants. Not later than sixty (60) days from the ~~rough framing of the building shell~~ **acknowledgment of substantial completion**, Developer shall record a Plat of Condominium and Covenants covering the Redevelopment Site, to separate out from the balance of the Site, the Public Parking Facility and its appurtenances.

1.10 Transfer of Title to the Public Parking Facility. Not later than thirty (30) days after the recording of the Plat of Condominium for the Redevelopment Site, and provided all payments due by the City to date have been made to the Developer, the Developer shall transfer clean title of the portion of the Redevelopment Site consisting of the Public Parking Facility and its public appurtenances to the City. Said transfer of title shall in no way terminate or lessen Developer's obligation to complete all duties in regard to the Public Parking Facility under this Agreement, including satisfaction of the one-year maintenance requirements.

1.11 Submittal of Eligible Cost Reimbursement Documentation. During the construction of the Public Parking Facility, but no more frequently than every thirty (30) days, and after substantial completion of the Public Parking Facility, the Developer shall submit (or shall have submitted as in the case of the Prevailing Wage Act) all of the necessary documentation substantiating the Eligible Reimbursement Costs for that particular part of the Project, as set forth in Section 8.06, including, but not limited to, all of the following:

(a) **Receipts & Documentation of Eligible Costs.** Documentation and proof of costs incurred and payment for Eligible Project Costs, including invoices and other evidence of charges, canceled checks, checking account statements, receipts and other proof of payment and all partial and final lien waivers for each respective project portion.

(b) **Certified Payroll Records.** Certified payroll records for every employed individual working on the Project as required by the Prevailing Wage Act during the term of the work delivered to the City Finance Department at the end of each month for the Public Improvements, unless otherwise required by the Prevailing Wage Act.

1.12 Post Project Completion Duties.

(a) **Public Improvements One-Year Maintenance.** Following the issuance of the Certification of Completion for the Public Improvements that have been constructed, the Developer shall submit a Letter of Credit or reduce the performance and payment surety to the one-year maintenance amount for the Public Improvements, and Developer's sole obligation relative to said maintenance shall be to provide a one-year warranty for the construction of the Public Improvements. The Developer shall repair the Public Improvements as may be contemplated by the Batavia Municipal Code for the one-year period (sometimes referred to as a "One-Year Maintenance Obligation"); provided, however, notwithstanding anything to the contrary contained in any provision of the Batavia Municipal Code, the Developer's One-year Maintenance Obligation shall not be construed to obligate Developer to maintain, operate, supervise, manage, clean, inspect, remove snow, ice, debris, garbage or provide appropriate signage for the Parking Facility. All such obligations shall be and remain the obligation of the City.

(b) **After Project Completion.** After the Project is completed and as a condition of the issuance of occupancy permits, the Developer shall provide post completion surety in the form of a bond or other insurance in favor of the City providing in the alternative for replacement of the building or direct payment to the City of the outstanding bond payments in the event of destruction of the building ("Post Completion Surety"). Said Post Completion Surety shall provide for notification to the City in the event of nonpayment, nonrenewal or cancellation, shall reflect the City as an additional insured and shall include an endorsement assigning applicable insurance proceeds in the event of a covered loss only to the extent of the value the City is entitled to receive on an annual basis.

ARTICLE II
Duties and Covenants of City

2.01 Duties and Covenants of City. It is acknowledged and agreed that the Project, this Agreement and all Duties of City under this Agreement are conditioned on the "Contingencies" as provided and defined in **Article III Contingencies** below. Notwithstanding such Contingencies, City shall cooperate with the Developer to move the development process along so that upon the satisfaction or written waiver of the Contingencies, construction of the "Improvements" (as herein defined) may commence as soon as reasonably practicable. City covenants, represents and warrants to Developer that it has authority under Illinois Statutes to execute, deliver and fully perform the terms, provisions, and obligations of City under this Agreement

(a) Best Interests of the Project. To the extent that the City may act without sacrificing the interest of the Public, the City covenants and agrees to act reasonably in a manner which is not against the best interest of the Project, providing that the safety and convenience of the public using adjoining public streets and sidewalks is protected.

(b) Further the Timely Completion of the Project. To the extent that the City may act without sacrificing the interest of the Public, the City agrees to use its diligent, good faith and reasonable efforts, at all times and in a manner consistent with the Project Plan and its obligations to the community, to further the interests of the timely completion of the Project in accordance with the terms and provisions of the Project Plan.

2.02. Acquisition of Redevelopment Site Parcels. By December 31, 2016, the City shall acquire title at the City's expense to the Fisher Property and the Frydendall Property and obtain a release or otherwise extinguish the ~~8 N. River and 109 E. Wilson Easement~~ ~~easement rights running in favor of the owner of the property at 12 N. River St., 8 N. River St. and 109 E. Wilson St., Batavia, IL~~ ~~or and~~ any other benefitted properties.

2.03 New TIF District. The City has initiated the process of disconnecting the Redevelopment Site from the existing TIF districts, ~~and~~ shall work diligently to establish a new TIF district for the Redevelopment Site, ~~and~~ shall establish the new TIF district not later than February 17, 2017 ~~and shall acquire title to the Fisher Property and the Frydendall Property and obtain a release or otherwise extinguishing the easement rights running in favor of the owner of the property at 8 N. River St. Batavia, IL, 109 E. Wilson St. Batavia, IL and/or any other benefitted properties.~~

2.04. Demolition of Buildings. By March 15, 2016, the City shall begin the demolition of all buildings currently found on the Redevelopment Site, including but not necessarily limited to the buildings at 111, 113, 115, 121 and 133 East Wilson Street on the Redevelopment Site, but excluding the parking deck, staircases and retaining walls at 20 North River Street. The City may demolish the structures together at one time or separately at different times.

2.05 Environmental Testing and Clean Up. Not later than thirty (30) ~~days~~ after the demolition of the buildings on the Redevelopment Site, the City shall test the soil under the buildings and parking areas to determine the environmental condition of the Site and submit the results in writing to Developer. At this point, and at any point prior to the beginning of construction, if any environmental conditions are discovered that require clean up ~~exceeding the cost of \$350,000,~~ the parties will meet to assess the cost and effect of the required environmental remediation to enable the Project to be completed ("City Environmental Costs") and make a joint decision whether to proceed or terminate the Agreement, and either party may terminate the Agreement if no agreement is reached as provided in Sections 3.02(a)(ii), 3.03(a)(ii) and 3.04(c). ~~Any environmental clean up to be done on the Redevelopment site by the City shall be done in an expeditious manner.~~

2.06 Demolition of Existing Parking Facilities. Within thirty (30) days after the Site is determined to be free of environmental conditions that must be remediated, the City will take action to initiate demolition of the parking lot, parking deck and remaining structures on the Site that must be removed to accommodate the

redevelopment of the Site. The costs of demolition of any improvements including but not limited to buildings on the Site shall be known as City Demolition Costs.

2.07 Approval of Zoning, Subdivision, Preliminary Engineering and Site Plan and other Entitlements. City shall process the zoning and other development applications diligently, but in any event within ninety (90) days, in keeping with the regular Plan Commission, Historical Preservation Committee, Committee of the Whole and Council meeting schedule, all applications for zoning, subdivision and preliminary engineering and site plan approval for the Project that are complete and all applications that are in compliance with the City Codes, and other local, state and federal regulations that are applicable.

2.08. TIF Financing and Cost Reimbursement. The City hereby acknowledges and agrees that, according to the Developer's Pro Forma analysis, but for the provision of financing by the City, the Project would not be economically feasible. Subject to confirmation of Developer's Pro Forma analysis, ~~City shall issue bonds to be retired as a general obligation of the City in the gross amount of \$13,000,000~~14,000,000 less bond expenses up to \$200,000 (the "~~Maximum Bond~~ Reimbursement Amount"), ~~for providing that the retirement of the bonds shall be retired~~ from the tax increment generated by the Redevelopment Site for the following TIF Eligible Improvements not to exceed the Maximum Reimbursement Amount, to wit:

- (a) Any geotechnical investigation and environmental assessment not previously completed by City but necessary to comply with State or Federal regulations in order to construct and occupy project in accordance with approved plans;
- (b) Any on-site utility relocation, abandonment or relocation, clearing and grubbing, building demolition, earthwork, drainage, soil erosion and other miscellaneous site preparation measures;
- (c) If necessary, Developer's cost to construct-on-site, and, if necessary, off-site public water, sanitary and storm sewer main infrastructure improvements and/or upgrades and extensions necessary to service the subject development as follows;
- (d) Streetscape enhancements and other required improvements within the public rights-of-way along State Street, Washington Street and Wilson Street of a scope and character similar to what has been constructed along Wilson St. from Batavia Ave. eastward to Island Ave. and along Houston St. from Batavia Ave. eastward to Island Ave;
- (e) Multi-level concrete and masonry public parking facility;
- (f) Construction Interest, paid until construction loan is converted to long term loan;
- (g) City permits application and review fees;
- (h) City-originated impact and connection fees;
- (i) Professional consulting fees, including survey, engineering, architecture, landscape architecture, land planning and design and legal incurred in connection with the Project;
- (j) Reasonable loan and equity raise fees, letter of credit fees, bond fees;
- (k) City-required off-site electric utility infrastructure upgrades and/or extensions, building, utility and other associated fees;
- (l) Environmental cleanup costs, and
- (m) Demolition costs,

2.09. Conveyance of the City Property ("Redevelopment Site"). Subject to the granting of the zoning, subdivision, site plan and other entitlements, easements to be retained by the City and satisfaction and/or waiver of all *Contingencies Precedent to Transfer of Title* identified in Section 3.03(a), the City shall convey fee simple title of the property that makes up the Redevelopment Site to Developer in accordance with the terms and provisions of the *Purchase and Sale Agreement* attached hereto as **Exhibit J** and the terms of this Agreement.

2.10. Approval of Engineering Plans and Specifications. City shall process in a timely fashion, in keeping with its usual and customary practices, the submittal of engineering plans and other technical drawings and

submissions for the Project that are complete and in compliance with the City Codes, and other local, state and federal regulations that are applicable and which conform to sound engineering principles. Developer acknowledges that City has represented that a full review of site and engineering plans reasonably takes approximately ninety (90) days from submittal of complete, code-compliant materials.

2.11. Bond Issuance. No later than one hundred eighty (180) days after the City conveys title of the Redevelopment Site to the Developer, but not prior to written notice from the Developer that Developer has secured financing acceptable to the Developer, the City shall issue the bonds in the gross amount of ~~\$13,000,000~~14,000,000. The City, in its sole discretion, may initiate two or more bond issues, including: 1) bond issue(s) designed to be tax-exempt which will be limited to the reimbursement of only those TIF Eligible Improvements that are not considered to be private activity bonds or which would result in the making of private payments in violation of the tax exempt nature of the bonds ("Tax Exempt Bonds"); and 2) other bond issue(s) that may or may not be considered tax exempt ("Additional Bonds"). The City shall cooperate with the Developer to provide assurance to the Developer's lender in regard to the bond issue, and the City shall cooperate with the Developer and Developer's lender in regard to the timing of the bond issue.

2.12 Issuance of Permits for Improvements. City shall process, review and approve in a timely fashion, in keeping with its usual and customary practices, all applications for permits necessary for construction of the Project. Developer acknowledges that a full City review of building plans reasonably takes approximately ninety (90) days from submittal of complete, code-compliant materials.

2.13. Utility Connections. City shall authorize (pursuant to approved engineering plans) offsite electric work and ~~the connection of~~ all on-site water lines, sanitary and storm sewer lines and electric connections constructed on the Property to City utility lines existing on the Property or near the perimeter of the Property, and the offsite and onsite electric work shall be done or caused to be done by the City. Developer shall comply with all City Code requirements and other local, state and federal laws and regulations for such utility connections.

2.14. Fees. In exchange for the provision of 55 or more parking spaces in addition to the 304 parking spaces originally proposed by the Developer, the City shall not charge ~~only those~~ the applicable zoning, subdivision, building permit, engineering, utility connection, impact fees, inspection and all other fees to the Developer that are assessed on a uniform basis throughout City and are of general applicability for commercial and multi-family structures within the City, not to exceed a total amount of \$300,000 plus \$20,000 for outside consultant costs, and the City will charge an amount not to exceed \$263,000 for the offsite and onsite electric work would otherwise be charged for the Project, and the City shall rely upon the excess tax increment, if any, to cover those usual fees.

2.15. Certification of Completion. Upon substantial completion of the construction and appropriate inspection and testing, if required, in keeping with City Code and other local, State and other applicable requirements, in accordance with the Project Plan, the City, through its Engineer or Building Official, shall promptly, at Developer's request, furnish Developer with a written Certification of Completion, subject to the One-Year Maintenance Obligation for the Public Improvements. The Public Improvements may be certified as complete before the remaining, private improvements are completed.

The Certification of Completion shall be in such form as will enable it to be recorded, at the option of the Developer. City shall respond to Developer's written request for a certificate of completion within twenty (20) business days after City engineer's receipt thereof, either with the issuance of a certificate of completion, or with a written statement indicating with specificity and particularity how Developer has failed to substantially complete the construction of the Project in conformity with Project Plan. If City requires additional measures or acts of Developer to assure compliance, Developer shall resubmit a written request for a certificate of completion for the particular Construction Component upon compliance with City's response.

2.16 Reimbursement of Developer TIF Eligible Improvements. The City shall make reimbursement payment(s) to the Developer for the TIF Eligible Improvements up to the MaximumBond Reimbursement Amount subject to the provisions of Section 3.03(c) as follows, to wit:

(a) Ongoing Reimbursement of TIF Eligible Expenses. Beginning no sooner than sixty (60) days after the commencement of construction, the Developer may submit the documentation and requests for reimbursement of the actual TIF eligible costs incurred by the Developer, which submittals may be made no more frequently than monthly and may be made for no more-less than \$10,000 for each request, and the City shall reimburse the Developer for all of the actual costs incurred for work completed through the date of the submittal up to Maximum Reimbursement Amount as provided in paragraph 2.08, less bond interest, less ten percent (10%) retainage, within thirty (30) days from the submittal by the Developer of all Eligible Cost Reimbursement Documentation in support of the request, providing that the City shall not reimburse more than the MaximumBond Reimbursement Amount, less the retainage, until the conditions in subsection 2.16(b) below are met; and

(b) Final Reimbursement of TIF Eligible Expenses. Within sixty (60) days after the ~~determination of the Redevelopment Project built-out EAV~~ later of the issuance of the occupancy permit for the Private Improvements, conveyance of the Public Improvements and submittal by the Developer of all Eligible Cost Reimbursement Documentation, whichever is later, the City shall reimburse ~~the~~ additional TIF Eligible costs for the entire Project up to the MaximumBond Reimbursement Amount ("Final Payment"), and make payment to the Developer for reimbursement for remaining TIF Eligible Costs not previously reimbursed in connection with the First Payment up to the MaximumBond Reimbursement Amount, ~~subject to submittal by the Developer of all Eligible Cost Reimbursement Documentation.~~

(c) **Back up Special Service Area.** The Developer hereby agrees to allow the City to establish a backup Special Service Area (SSA) after the Developer takes title to the Property, which SSA will encompass the Redevelopment Site, provided that the sole purpose of the SSA is to pay the difference between the tax increment generated from the Project and the debt service payments when those payments are due and the City provides the Developer notice of the establishment of the SSA and opportunity to review the SSA Ordinance, which ordinance shall be in substantial conformance with the document attached hereto and incorporated herein by reference as Exhibit K before it is approved and notice of the City's intent to levy the SSA tax before an ordinance approving a levy is approved. Subject to the conditions stated herein, the City may, at the City's reasonable discretion, begin to levy and collect SSA taxes in sufficient amounts to pay the difference between the tax increment generated from the Project and the debt service payments, subject to the true up provisions in Section 5.04. In no event shall City be allowed to establish a special service area that gives City the authority to levy in excess of ten ~~cents~~ dollars (\$10.00) per one hundred dollars (\$100) of assessed valuation annually. For purposes of the backup Special Service Area, the difference between the tax increment generated from the Project and the debt service payments when those payments are due shall include the reduction in funds available to pay the debt service resulting from any payments the City is obligated to make to the School District for the school age children residing in the Redevelopment Area, and the increment generated from the Project shall be reduced by the amount of reimbursement due or paid to the School District accordingly in determining any shortfall between the tax increment generated and the debt service payment obligations.

2.17. Approval of Plat of Subdivision. City shall process for approval the Plats of Subdivision and/or condominium necessary for the Project to be completed in accordance with the mutual intentions of both parties and Project Plans, including but not necessarily limited to those associated with the City's conveyance to Developer of all properties necessary for the Project and the Developer's conveyance of the real estate to the City in connection with the Public Parking garage.

ARTICLE III
Contingencies / Termination Rights

3.01 Contingencies. Developer's and City's respective obligations under this Agreement are subject to satisfaction and/or waiver of various contingencies.

3.02 Developer Contingencies. The Developer's obligations to continue through the various stages of development are as follows:

(a) **Pre-Acquisition.** The Developer shall not be obligated to acquire the property that makes up the Redevelopment Site until the following *Contingencies Precedent to Transfer of Title* have been met:

- i. **Title.** The City has acquired all of the property comprising the Redevelopment Site;
- ii. **Demolition and Environmental Remediation.** The City has demolished the buildings, tested the property for environmental contamination and completed any remediation that is required for completion of the Project;
- iii. **Zoning & Preliminary Plan Approvals.** Developer has secured the zoning and Preliminary Plan approvals for the Project.
- iv. **Contract.** All of the terms and provisions of the Purchase Agreement in the form attached hereto as **Exhibit J** have been satisfied.

(b) **Pre-Construction.** The Developer shall not be obligated to commence the construction of the Project on the Redevelopment Site until the following *Conditions Precedent to Developer Construction* have been met:

- i. **Construction Financing.** Developer has secured financing acceptable to Developer for the costs associated with construction of all of the Improvements, including both hard and soft costs associated with same.
- (ii) **Final Approvals.** The Final Approvals have been obtained, including all third party approvals, permits, consents, authorizations, engineering, site plan approvals, subdivision approvals, and/or the like, needed by Developer or its lender for the Project Plan, including without limitation all permits for the construction and operation of the Improvement (including without limitation private, City and Illinois).
- (iii) **Establishment of New TIF.** The City has provided the Developer with adequate proof of the establishment of the new TIF District covering the Redevelopment Site.
- (iv) **Waiver of Bond Contingencies.** The City has obtained an opinion regarding the tax exempt status of the Tax Exempt Bonds and the City has successfully completed the issuance of the Tax Exempt Bonds and Second Bonds and/or has waived the Bond Contingencies.

3.03 City Contingencies. The City's obligations to continue through the various stages of development are as follows:

(a) **Pre-Title Transfer.** The City shall not be obligated to proceed with this Agreement and transfer title of the Redevelopment Site to the Developer until the following *Conditions Precedent to Transfer of Title* have been met:

- i. **New TIF Qualification.** The Redevelopment Site has qualified for tax increment financing as a new TIF district on its own accord;

ii. Demolition and Environmental Remediation. The City has determined that the cost of demolition and any environmental remediation necessary to complete the Project is not economically prohibitive and the Parties are not unable to reach accord on said issue per Section 2.05;

iii. Tax Exempt Opinion. The city has obtained an opinion from bond counsel that the Tax Exempt Bonds described in Section 2.10.b.i will qualify for tax-exempt status based upon the representation of the Parties as to the categorization and allocation of costs to be paid from the bond proceeds.

iv. Proof of Public Benefit. The City has determined, based on the studies, analyses and information provided by the Developer and/or from other sources, that the parking is adequate for the purposes of the Project and the parking and all other benefits to the public justify the use of TIF funds for the Project.

(b) Pre-Construction. The City shall not be obligated to approve construction of the Project on the Redevelopment Site until the following *Conditions Precedent to Construction* have been met:

i. Plat of Consolidation. The Developer has submitted a plat of consolidation of the parcels making up the Redevelopment Site for approval and the parcels have been consolidated into one zoning lot as provided in Section 1.04(c).

ii. Utility Easements and Connections. Grants to the City of all easements for utilities, public access and other requirements have been approved and recorded and utility connections have been approved as provided in Section 1.04(b).

iii. Final Approvals. The Final ~~Approvals-Plans~~ have been ~~obtained~~approved.

iv. Performance and Payment Surety. A letter of credit or bond has been posted in the amount of 115% of the estimated construction costs to secure the performance and payment of the construction of the Public Improvements as required in Section 1.04(f).

v. Insurance. Proof of insurance meeting the requirements set forth in Section 1.04(g) has been submitted.

vi. Declarations and Covenants. Completion of a set of condominium declarations and covenants that are agreeable to the parties which do not adversely affect the tax exempt nature of the bonds being used to finance the development of the Public Parking Facility as provided in Section 1.04(h).

vii. Bond Issuance. The City has successfully issued the First Bonds which satisfy all the requirements for tax exempt bonds and the rates for the bonds issued are estimated to be economically feasible.

viii. New TIF Establishment. The Redevelopment Site has been established by the City as a new tax increment financing district on its own accord, and the ordinances approving the Redevelopment Site as a new project area, approving the project plan in accordance with this Agreement and approving tax increment financing for the project area and the project plan in keeping with this Agreement have been duly passed and recorded

(c) Pre-Reimbursement to Developer. The City shall not be obligated to reimburse the Developer, and may hold back any reimbursement due the Developer, if any of the following conditions are not met:

i. Final Subdivision & Completion and Conveyance of Public Parking Facility. The final Plat of Subdivision/Condominium has been finalized and recorded and the Public Parking Facility has been completed and deeded back to the City as required by Sections 1.09 and 1.10;

ii. Submittal of Eligible Cost Reimbursement Documentation. ~~All or portions of~~ The documentation substantiating the Eligible Reimbursement Costs for which the Developer is seeking reimbursement has been submitted as required by Section 1.11.

~~iii. Compliance with One-Year Maintenance Requirements. The Developer is in compliance with, even if the Developer has not completed, the one-year maintenance requirements for the Public Improvements as required by Section 1.12(a).~~

~~iv.iii. No Default.~~ The Developer is not in default of any material provision of this Agreement.

~~v.iv. Ineligible Reimbursements.~~ City shall not be responsible to make reimbursement payments to Developer to the extent costs proposed by Developer are for matters outside the parameters of the Act and/or the parties' agreements regarding items and categories properly paid for with tax exempt bond funds.

(d) Special Service Area. ~~The City may establish Aa~~ special service area encompassing the Redevelopment Site solely as a backup source to fund any gap between the tax increment generated by the Redevelopment Site and the payments necessary to make the bond payments when they become due and to retire the bond ~~issues-obligations~~ in keeping with the bond repayment schedule ~~in place~~ as provided in Section 2.16(c).

3.04 Termination/Stop Order/Unwinding. The parties may terminate the Agreement by giving notice in writing to the other party as further provided herein below. The party desiring to terminate the Agreement shall give written notice of such intention to the other party, and if requested by the other party, attend a conference to explain the reasons for the request, so that the Parties together may discuss same and perhaps find reasonable solutions. Subject to the forgoing, the parties may terminate the Agreement under the following terms and conditions:

(a) Termination by Developer or City Prior to Acquisition. The parties shall have the right to terminate the Agreement without penalty, ~~and Developer shall be entitled to reimbursement of Developer's costs incurred from the date of this Agreement to the date of termination,~~ prior to transfer of title of the Redevelopment Site to the Developer as follows:

i. By Developer. If any of the *Contingencies Precedent to Acquisition* have not been met within in 365 days from the Effective Date of this Agreement and the City is unable to eliminate the *Contingencies Precedent to Acquisition* identified in Section 3.02(a), at Developer's option, the Agreement shall be considered thereafter null and void and of no further force and effect, and Developer shall be entitled to reimbursement of Developer's costs incurred from the date of this Agreement to the date of termination.

ii. By City. If any of the *Contingencies Precedent to Transfer of Title* have not been met as provided in Sections 3.03 (a) & (b), and Developer shall be entitled to reimbursement of Developer's costs incurred from the date of this Agreement to the date of termination.

(b) Termination by City prior to Demolition. The City may terminate the Agreement if the *Contingency Precedent to Demolition* identified in Section 3.03(a) has not been met, subject to the City's obligation to reimburse the Developer for all costs incurred from the date of this Agreement to the date of termination.

(c) **Termination by City Prior to Transfer of Title.** The City may terminate the Agreement if any of the Conditions Precedent to Transfer of Title identified in Section 3.03(b) are not met to the City's satisfaction, subject to the City's obligation to reimburse the Developer for all costs incurred from the date of this Agreement to the date of termination.

(d) **Termination by City Prior to Construction.** The City may terminate the Agreement prior to beginning construction if the Developer has not completed and satisfied all of the *Duties of Developer Prior to Project Construction* identified in Section 1.05 and satisfied all *Conditions Precedent to Developer Construction* identified in Section 3.02(b) or any of the *Conditions Precedent to Construction* identified in Section 3.03(c) have not been met, in which case the property shall be transferred back from the Developer to the City, subject to the City's obligation to reimburse the Developer for its costs incurred in the preparation of the plans and submittals to be presented with the zoning and other applications to the City through the date of the notice to terminate if the reason for the Developer's inability to satisfy the conditions precedent is due to the actions or inactions of the City.

(e) **Termination by Developer Prior to Construction.** The Developer may terminate the Agreement prior to commencement of construction if the *Conditions Precedent to Developer Construction* identified in Section 3.02(b) are not satisfied -within the time frames identified by the City's duties outlined in Section 2.10 and 2.11, provided that the Developer has diligently performed its duties and any delays are not caused by Developer's actions or inactions, subject to the City's obligation to reimburse the Developer for all costs incurred from the date of this Agreement to the date of termination.

(f) **Termination by the City for Default.** The City may terminate the Agreement if the Developer is determined in default as provided Article IV

3.05 Stop Orders. The City shall have the right and authority to issue a written stop order if, at any time, the Developer fails to proceed in compliance with the approved Final Plans, the observance of sound engineering practices, any local, state or federal building code, rule or regulation applicable to the Project or the Prevailing Wage Act, providing that the City has previously given written notice detailing the issue of noncompliance and the Developer has been given the time allowed by the City Code to come into compliance, and the Developer shall immediately cease all such activity that is noncompliant until the noncompliance is remedied, subject to the provisions on notice and the ability to remedy the noncompliance as provided in Section 5.06. Notwithstanding the foregoing to the contrary, the Developer shall immediately comply with the stop order for any life/safety compliance issue.

3.06 Unwinding. Upon termination of the Agreement prior to commencement of construction of the Project for any reason: (i) City shall remit to Developer any surety or fees posted by Developer in connection with the Project and/or the Project Plan that has not been used, provided Developer is not in default; (ii) Developer shall convey the City Property back to the City, if applicable; and (iii) the Agreement shall be deemed thereafter null and void and of no further force or effect.

ARTICLE IV **Representations, Warranties and Covenants**

4.01 Representations and Warranties of Developer. Developer does hereby represent and warrant to City as follows: (i) Developer is a limited liability company organized and validly existing and in good standing under the laws of the State of Illinois; (ii) Developer has the right and power and is authorized to enter into, execute, deliver and perform this Agreement; (iii) the execution, delivery and performance by Developer of this Agreement shall not, by the lapse of time, the giving of notice or otherwise, constitute a violation of any applicable law or breach of any provision contained any instrument or document to which either Developer is now a party or by which it is bound, including violations of the Prevailing Wage Act or other relevant labor laws; (iv) Developer is now

solvent and able to pay its debts as they mature; (v) there are no actions at law or similar proceedings which are pending or threatened against Developer or the Property which might result in any material and adverse change to the Developer's financial condition, or materially affect the Developer's assets as of the date of this Agreement; (vi) the Developer has all government permits, certificates, consents (including, without limitation, appropriate environmental clearances and approvals) and franchise necessary to continue to conduct its business and to own or lease and operate its properties (including, but not limited to, the Developer's Property) as now owned or under contract or leased by it; (vii) no default has been declared with respect to any indenture, loan agreement, mortgage, deed or other similar agreement relating to the borrowing of monies to which the Developer is a party or by which it is bound; and (viii) there has been no material and/or adverse change in the assets, liabilities or financial condition of Developer; and (x) City is not a partner or engaged in a joint venture with Developer, its agents or assigns.

4.02 Representations and Warranties of City. City does hereby represent and warrant to the Developer as follows: (i) City is a municipal corporation organized and validly existing and in good standing under the laws of the State of Illinois; (ii) City has the right and power and is authorized to enter into, execute, deliver and perform this Agreement; (iii) the execution, delivery and performance by City of this Agreement shall not, by the lapse of time, the giving of notice or otherwise, constitute a violation of any applicable law or breach of any provision contained any instrument or document to which either City is now a party or by which it is bound; (iv) City is now solvent and able to pay its debts as they mature; (v) there are no actions at law or similar proceedings which are pending or threatened against City or the Property which might result in any material and adverse change to City's financial condition, or materially affect City's assets as of the date of this Agreement; (vi) City has all government permits, certificates, consents (including, without limitation, appropriate environmental clearances and approvals) and franchise necessary to continue to conduct its business and to own or lease and operate its properties (including, but not limited to, City's Property) as now owned or under contract or leased by it; (vii) no default has been declared with respect to any indenture, loan agreement, mortgage, deed or other similar agreement relating to the borrowing of monies to which City is a party or by which it is bound; (viii) there has been no material and/or adverse change in the assets, liabilities or financial condition of City and City is fully capable of providing Developer City Provided Funds; and (ix) it shall obtain and maintain all adequate insurance and surety requirements for the Public Improvements equivalent to insurance obligations of Developer.

4.03 Covenants of the Developer. The Developer hereby covenants to maintain and perform the following throughout the term of this Agreement, which term shall be ninety-nine (99) years, and which covenants shall extend to any successor in interest or assigns:

(a) **Maintenance in Good and Habitable Condition.** The Developer shall maintain the Project in good and habitable condition throughout the term of this Agreement

(b) **Insurance.** The Developer shall at all times during the term of this Agreement maintain in full force and effect sufficient insurance or bonding, together or in the alternate, in excess of what might be required to be paid to other third parties:

(i) To cover the replacement in the event of a catastrophe or other event that destroys the building, whether in whole or in part, and/or

(ii) To cover the cost of making the bond payments when the bond payments are due and retiring the bonds if the building is not or cannot be reconstructed for any reason.

The Developer shall be obligated to use the insurance proceeds to reconstruct the building and to make it habitable again if the building is ever destroyed in whole or in part for whatever reason, unless the reconstruction of the building is not feasible or the Developer opts to making the bond payments when the bond payments are due and retiring the bonds.

4.04 Joint Covenants. The parties hereby undertake and agree to the following:

(a) **Daytime Public Parking.** ~~The parties intend that a~~All of the public parking spaces shall be available ~~for parking~~ for the general public during daytime ~~business~~ hours, subject to whatever reasonable restrictions the City may deem necessary and appropriate from time to time to ensure that the daytime parking is reasonably available in the best interest of the general public (“Daytime Parking Limitations”). Subject to Paragraph (b) below, the City shall have the right to impose charges for daytime parking, and has the right to restrict or use such spaces in a manner that the city deems in the public interest~~provided that vehicles with overnight parking permit stickers may park during the day at no cost; and~~

(b) **Overnight Public Parking.** ~~The parties intend that For the term of this Agreement,~~ the City shall provide a minimum of 200 public parking permits designated for overnight parking for the general public who are a) residents in the DMU District, including residents of the Multi-Story, Mixed Use building, and b) who do not have off-street parking at their own residences (hereinafter “DMU Residents”). The parties intend that pPermits for such overnight parking shall be available to DMU Residents for a monthly fee initially fixed at thirty dollars (\$30) with annual increases of no more than five percent (5%)~~or the CPI (as defined in the TIC Act), whichever is less;~~ in keeping with the City Code provisions on DMU overnight parking, if any. Said permits ~~shall are intended to~~ be made available on a first come, first served basis to be administrated by the City and such other reasonable restrictions the City deems necessary and appropriate from time to time, providing~~The parties intend~~ that the overnight parking shall remain available for the Multi-Story, Mixed Use building residents on the same basis as overnight parking is available to the other DMU Residents throughout the term of this Agreement, subject to limitations that are necessary and appropriate to protect the tax exempt character of the bonds issued to finance the Project (“Overnight Parking Limitations”). The City reserves the right to charge different amounts or make other arrangements for such parking, consistent with the public purposes of the City.

(c) **City Insurance.** In addition, City shall provide and maintain ~~such adequate~~ general liability insurance ~~for the Public Parking Facility and the Private Improvements in an amount agreeable to the parties,~~ naming Developer, its successors and assigns as an additional insured thereon, to cover liabilities that arise in connection with the City’s maintenance and other responsibility for the Public parking Facility.

(d) **Priority Reimbursement.** The parties acknowledge and agree that the TIF Eligible Expenses shall be reimbursed pursuant to the Priority Reimbursement Schedule attached hereto and incorporated herein by reference as Exhibit “N” (“Priority Reimbursement Schedule”). The parties agree that the TIF Eligible Expenses identified for “priority reimbursement” on the Priority Reimbursement Schedule” shall be paid back to the Developer and/or City, as the case may be, from the bond proceeds net of the bond issuance costs ~~(up to \$200,000),~~ and the bonds will be paid off with the tax increment from the Redevelopment Site. After the bond obligations are paid off, ~~if providing that~~ the bond obligations are paid off by the tax increment prior to the expiration of the term of this Agreement, fifty percent (50%) of all of the tax increment generated by the Redevelopment Site after the bond obligations are retired and during the remaining term of this Agreement will be distributed to the Developer for TIF Eligible Costs incurred and documented by the Developer as provided herein up to a maximum reimbursement amount of \$16,000,000. All additional tax increment through the term of the Agreement shall be retained by the City.

ARTICLE V

Performance/Default

5.01 Time of the Essence. It is understood and agreed by City and Developer that time is of the essence of this Agreement, and that all Parties shall make every reasonable effort to expedite the performance of their

respective duties hereof. It is further understood and agreed that the successful consummation of this Agreement shall require the continued cooperation of City and Developer. Whenever the consent or approval of City is required in order for Developer to accomplish the purposes and intent hereof, such consent shall not be unreasonably withheld or unduly delayed. If such consent or approval is denied, such denial shall be in writing, and shall specify the reason or reasons for such denial. Whenever the submission of documentation by Developer is reasonably required for the City to verify the underlying costs and the payment thereof related to Eligible Reimbursable Costs, Developer shall comply therewith, and such consent of City shall not be unreasonably withheld, conditioned or unduly delayed. If the request for documentation is denied, such denial shall be in writing, and shall specify the reason or reasons for such denial.

5.02 Force Majeure. For the purposes of any of the provisions of this Agreement, neither City nor Developer, as the case may be, nor any successor in interest, shall be considered in breach of, or default in, its obligations under this Agreement in the event of any delay caused by circumstances out of the reasonable control of the respective party, such as damage or destruction by fire or other casualty, strike, shortage of material, unusually adverse weather condition such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or quantity for an abnormal duration, tornadoes or cyclones and other like event or condition beyond the reasonable control of the Party affected which in fact interferes with the ability of such Party to discharge the respective obligations hereunder; nor shall either City or Developer be considered in breach of, or default in its obligations under this Agreement in the event of a delay resulting from the conduct of any judicial, administrative or legislative proceeding or caused by litigation or proceedings by a third party challenging the authority or right of City to act under the Redevelopment Plan, any of the ordinances, or perform under this Agreement. City shall diligently contest any such proceedings and any appeals therefrom. City may settle a contested proceeding at any point, so long as the settlement results in City's ability to perform pursuant to this Agreement and so long as any such settlement does not impose additional obligations on Developer or increase its obligations under this Agreement, unless by agreement with the Developer. Provided, however, that the Party seeking the benefit of the provisions of this Section 5.02 shall, within ten (10) days after the beginning of any such enforced delay, have first notified the other Party thereof in writing, and of the cause or causes thereof, and requested an extension for the period of the enforced delay.

5.03 No Waiver by Delay. Any delay by City or Developer in instituting or prosecuting any actions or proceedings or in otherwise exercising its rights shall not operate as a waiver of such rights or to deprive it of or limit such rights in any way (it being the intent of this provision that City and the Developer should still hope to otherwise resolve the problems created by the default involved). No waiver in fact made by City with respect to any specific default by Developer should be considered or treated as a waiver of the rights of City with respect to any other defaults by Developer or with respect to the particular default except to the extent specifically waived in writing. No waiver in fact made by the Developer with respect to any specific default by City should be considered or treated as a waiver of the rights of the Developer with respect to any other defaults by City or with respect to the particular default except to the extent specifically waived in writing.

5.04 True Up. After the Project is completed and the initial EAV for the improved Redevelopment Site and tax rate on the initial EAV for the improved Redevelopment Site is determined, the parties shall review the increment projections annually over the life of the TIF District and identify the minimum annual increment necessary to retire the bond obligations as they come due and the minimum EAV necessary to produce that increment at the current tax rate (the "Minimum Continuing EAV") and whether the projected schedule for retiring the bonds is sufficient to retire the bonds as they come due over the life of the TIF.

(a) Determination of SSA Activation and Tax. From this calculation, the City shall determine whether and when to activate the Special Service Area tax and to establish the amount of SSA tax sufficient to make up any shortfall in the retirement of the bonds from the increment generated by the improved Redevelopment Site, as reduced by the payments the City is obligated to make to the School District for school age children residing in the Project Area.

(b) **Periodic True-Up Determinations.** Either party may request a true up determination following the publication of the EAV in any year to re-determine the Minimum Continuing EAV”) and whether the projected schedule for retiring the bonds is sufficient to retire the bonds as they come due over the life of the TIF, and the SSA tax to be levied in the subsequent year may be adjusted accordingly.

(c) **SSA Levies.** During the life of the TIF, any reduction in the tax increment generated by the Redevelopment Site below the tax increment required to pay the bond obligations when they come due shall allow the City, at the City’s option, to levy SSA tax or increase the SSA tax levy to pay the difference between the increment and the bond obligations when they are due, taking into consideration any payments required to be made to the School District, or to access the security identified in Section 5.05 to offset the difference. The SSA shall be extinguished upon retirement of the bond

(d) **Excess SSA Reimbursement.** If SSA funds are used by the City to pay bonds as provided in Subsection (a), and any increment is generated in excess of what is necessary to retire the bond obligations as they become due in subsequent years, Developer is entitled to reimbursement of the prior SSA payments made by the Developer from the first of any excess increment not necessary for bond payments currently due.

5.05 Security. The Developer’s obligations to complete the Project shall be secured by a letter of credit or performance bond in form acceptable to the City in the amount of 115% of the estimated construction costs as provided in Section 1.04(g) until the Project is completed, and that insurance shall be replaced by insurance or a bond in sufficient amount to replace the building if destroyed or to make the remaining bond payments and pay off the bonds as they become due as provided in Section 4.03(b) after the Project is completed until the City’s full bond obligation is retired. Said Post Completion Surety shall require notification to the City of nonpayment, nonrenewal or cancellation and shall reflect City as an additional insured with an endorsement assigning certain insurance proceeds in the event of a covered loss to the extent of the value the City is entitled to receive on an annual basis.

5.06 Breach/Default/Remedies.

(a) **General.** When a material breach of this Agreement is deemed to be a default as provided below, the non-breaching party may enforce this Agreement and seek any remedies, including damages, that are available in law and in equity, and the parties shall have the right to seek specific performance on the basis that damages may not satisfactorily make the non-breaching party whole, and neither party shall have any right to object to that the non-breaching party is not entitled to such equitable relief, and the non-breaching party may seek specific performance of the covenants and agreements herein contained or may seek damages for failure of performance or both.

(b) **Notice of Default.** Before material breach of a Party to perform its obligations hereunder is deemed to be a Default, the Party claiming such breach shall notify the other party in writing describing the alleged breach in sufficient detail to inform the breaching party

(c) **Response to Notice of Default.** A party who has received a written notice of default from the other party shall respond in writing as follows:

(i) **Proof of No Default.** Objecting to the notice of default and providing or offering to provide proof that there is no as specified below; or

(ii) **Acknowledgment and Performance.** Acknowledging the default and beginning to take immediate actions to cure the default as provided below.

(d) **Determination of Default.** Default shall be determined as follows:

(i) **General.** For all breaches other than delay and the breaches specified below, Developer shall be in default if Developer does not provide proof of no default within fifteen (15) days and/or take actions required to cure the default immediately, but in no event later than thirty (30) days and continue with ongoing, diligent performance thereafter as required to cure the default.

(ii) **Construction.** For failure to construct the Project Improvements in substantial compliance with the approved Final Plan. Developer shall be in default if Developer fails to provide proof of no default within thirty (30) days of notice in writing thereof, unless the cure cannot reasonably be completed within thirty (30) days from the Notice of Default and Developer is proceeding with reasonable diligence to cure the default and continues diligently to cure the default until fully cured; ;

(iii) **Prevailing Wage.** For failure to comply with the Prevailing Wage Act, Developer shall be in default if Developer does not provide proof of no default within five (5) days and/or cure the default no later than thirty (30) days from the Notice of Default;

(iv) **Lapse in Insurance.** For failure to maintain the required insurance, Developer shall be in default if Developer does not provide proof of no default within five (5) days and/or provide proof of the required insurance within ten (10) days from the Notice of Default (no work shall continue during any period in which the proper insurance is not maintained);

(v) **Lapse in Surety.** For failure to provide or maintain the surety as required by this Agreement and the City Code, Developer shall be in default if Developer does not provide proof of no default within five (5) days and or reinstate the surety within fifteen (15) days from the Notice of Default (no work shall continue during any period in which the proper surety is not maintained);

(vi) **Bankruptcy or Insolvency.** For any third party determination of insolvency or any voluntary or involuntary bankruptcy or assignment for the benefit of creditors, Developer shall be in default if Developer does not provide proof of no default within thirty (30) days, provided that Developer may cure the default by filing a motion for determination of solvency, to dismiss the bankruptcy or invalidate the assignment for benefit of creditors, and the default shall be considered cured and, within sixty (60) days from the determination, filing or assignment, an appropriate order is entered undoing the same;

(vii) **Lis Pendens, Lien or Foreclosure.** For any filing of a *lis pendens* notice, a mechanics lien, judge lien, tax lien, or similar encumbrance other than the mortgages filed to secure the constructions and long term financing of the Project, or the filing of suit for foreclosure of any mortgage, lien or other encumbrance.

(viii) **Filing to Reduce taxes or Assessed Valuation.** Immediately Developer shall be in default for the filing of any application or request to reduce real estate taxes or the assessed valuation of the Developer's Property below the Minimum Continuing EAV amount that would result in the failure of the Developer's Property to generate the tax increment as estimated and stated in the Pro Forma until all of the funds paid out by the City have been reimbursed back to the City through the increase in tax increment from the Developer's Property, providing that the Developer has a right to cure the default and reinstate the Agreement in good standing by withdrawing the application or request;

(ix) **Unauthorized Assignment.** Immediately, without notice, Developer shall be in default upon the assignment of this Agreement or transfer, assignment or other conveyance of title to the Developer's Property without the consent of the City as provided in this Agreement, provided that the default may be cured by

obtaining the City's consent, which consent shall not be unreasonably withheld, and satisfying the other conditions in Section 10.01;

(x) **Failure to Complete the Project.** Immediately, without notice, Developer shall be in default for failure to complete the Project Improvements within thirty-six (36) months from the date the construction permit is issued, whichever is later (the "Final Completion Date"), except for periods of delay that are beyond the Developer's control as provided in Section 5.02. The City in its sole discretion shall be permitted to extend this date by action of the City Council.

(e) **Remedies for Developer Default.** Subject to the requirement of written notice and Developer's right to provide proof of no default or an opportunity to cure as set forth in 5.06(d) above, upon default by the Developer as provided above, the City shall have the following specific remedies, which remedies are in addition to any general remedies available in law or equity and which shall be cumulative and not exclusive: 1) withhold permits, inspections, review of plans and other approvals for the Project until the default is cured; 2) issue a cease and desist order requiring all construction to stop until a specific default is cured; or 3) withhold payments due the Developer until a specific default is cured, including the filing of a mechanics lien claim against the property or against the funds owed to the Developer by the City; 4) terminate the Agreement due to default and the filing of bankruptcy by Developer, involuntary bankruptcy or any involuntary assignment for the benefit of creditors, any declaration of insolvency or the filing of foreclosure against the property by a mortgagee after notice and sixty (60) days to cure the breach; 5) if the Project is not completed, demand and obtain title to the Redevelopment Site and access the performance surety to complete the project; or 6) increase the levy of the SSA tax or access the Post-Construction Security as provided in Section 5.05. In addition to the forgoing, all remedies applicable in law or in equity for breach of contract shall be available to the City, which remedies shall be cumulative.

(f) **Remedies for Breach by the City.** Upon breach of the Agreement by the City, the Developer shall have all remedies applicable in law or in equity for breach of contract, which remedies shall be cumulative, and not exclusive.

5.08 Inspection Rights. Any duly authorized representative of City, at all reasonable times, shall have access to the Project for the purpose of confirming Developer's compliance with the Agreement. Said inspection is in addition to any inspections required for grading, construction, and other building or engineering elements regulated by the Batavia Municipal Code.

ARTICLE VI **Term of Agreement**

6.01 Term of Agreement. This Agreement shall commence on the Effective Date, and shall continue through the full term of the TIF, unless sooner terminated by right of a Party contained in this Agreement or by court order, until all of the obligations of the Parties have been fully performed.

ARTICLE VII **Notice**

7.01 Notices. All notices and demands given or required to be given by any Party hereto to any other Party ("notices") shall be in writing and shall be delivered in person or sent by telecopy with electronic confirmation of receipt thereof and with concurrent mailing by U.S. Postal Service delivery, or by a reputable overnight carrier that provides a receipt, such as Federal Express or UPS, or by registered or certified U.S. mail, postage prepaid, addressed as follows (or sent to such other address as any Party shall specify to the other Party pursuant to the provisions of this Section):

To Developer:

David Patzelt, President;
1 N. Washington LLC
17 N. First Street
Geneva, IL 60134
630-232-8570
email: dave_patzelt@shodeen.com

and:

Kate McCracken
Hoscheit, McGuirk, McCracken & Cuscaden, P.C.
1001 E. Main St., Ste G
St. Charles, IL 60174
(630) 513-8700
kate@hmcpc.com

To City:

Laura Newman
City of Batavia
100 North Island Avenue
Batavia, IL 60510
email: cityadministrator@cityofbatavia.net

With a copy to:

City Clerk
City of Batavia
Batavia, IL 60510
email: cityclerk@cityofbatavia.net

ANY NOTICE REQUIRED FOR UNDER THIS AGREEMENT MAY ALSO BE SENT BY EMAIL. All notices delivered in the manner provided herein shall be deemed given upon actual receipt (or attempted delivery if delivery is refused).

ARTICLE VIII
TIF Provisions

8.01 Application of the TIF Act. This Agreement is to be construed according to the provisions and the authority of the Tax Increment Allocation Redevelopment Act (the "TIF Act"), Sections 11-74.4-1 et seq. (65 ILCS 5/11-74.4-1 et seq.), and the City Funds shall be considered tax increment financing ("TIF") in keeping therewith.

8.02 Approvals. The City covenants, represents and warrants to Developer, that the approval of this Agreement, of the Project and the Project Plan and the implementation of this Agreement is in compliance with the TIF Ordinances and the TIF Act.

8.03 Source of City Funds. The parties agree that the City shall use existing funds under control of the City or issue debt through the sale of municipal bonds, or a combination of such sources in paying the costs of the Eligible Improvements, either to the City's general fund or TIF account, or to the Developer as reimbursement for such Eligible Improvements Costs, in accordance with this Agreement.

8.04 TIF Eligible Costs. TIF Eligible Costs are costs for improvements that are eligible to be made in compliance with the TIF Act, and the City covenants, represents and warrants that the Eligible Improvement Costs are TIF Eligible Costs.

8.05 Indemnification.

(a) **By Developer.** Developer hereby agrees to indemnify, defend and hold the City, its officers, agents and employees harmless from and against any losses, costs, damages, liabilities claims, suits, actions, causes of action and expenses (including without limitation, reasonable attorneys' fees and court costs) suffered or incurred by the City in connection with (i) the failure of Developer to perform its obligations under this Agreement, or (ii) the failure of Developer or any contractor or subcontractor to pay contractors, subcontractors, or materialmen in connection with the Improvements and in compliance with the Prevailing Wage Act, to the extent that it applies, or (iii) material misrepresentations or omissions in the Redevelopment Plan, this Agreement or any financing documents related thereto which are solely the result of information supplied or omitted by the Developer or by agents, employees, contractors, or persons acting under the control or at the request of the Developer, or (iv) the failure of Developer to cure any misrepresentations or omissions in this Agreement.

(b) **By City.** City hereby agrees to indemnify, defend and hold the Developer, its officers, managers, members, agents and employees harmless from and against any losses, costs, damages, liabilities claims, suits, actions, causes of action and expenses (including without limitation, reasonable attorneys' fees and court costs) suffered or incurred by the Developer in connection with (i) the failure of City to perform its obligations under this Agreement, or (ii) the failure of City to pay out the reimbursement amounts that Developer is entitled to receive pursuant to this Agreement, or (iii) material misrepresentations or omissions in the Redevelopment Plan, this Agreement, or (iv) the failure of City to cure any misrepresentations or omissions in this Agreement or any other agreement relating hereto.

8.06 Eligible Reimbursement Costs. Eligible Reimbursement Costs are all of the actual costs for the Eligible Improvements described in Section 2.10(a) that are incurred and substantiated by Developer as required herein.

ARTICLE IX
Real Estate and Tax Covenant

9.01 Tax Exemptions and Reductions. With reference to the assessment of the Property and the Project or any part thereof, during the Term of this Agreement, Developer shall not directly or indirectly, do the following until all of the City Funds paid out by the City pursuant to this Agreement have been reimbursed back to the City from the increased tax increment generated by the Redevelopment Site: (1) apply for, seek, or authorize any exemption (as such term is used and defined in the Illinois Constitution, Article IX, Section 6 (1970)) from real estate taxation for the Property; or (2) file of any application or request to reduce real estate taxes or the assessed valuation of the Developer's Property below an amount that would result in the failure of the Developer's Property to generate the tax increment as estimated and stated in the Pro Forma

9.02 Understanding of the Parties. The foregoing covenants in subsection 9.01 above shall be construed and interpreted as an express agreement by Developer with the City that an incentive inducing the City to enter into the arrangements and transactions described in this Agreement is to increase the assessed valuation of the Redevelopment Site, including the Project.

9.03 Recording Memorandum. The Parties agree that this Agreement shall record the Memorandum for Recording attached hereto as **Exhibit K** with the Kane County Recorder of Deeds, and the provisions of this Agreement shall be covenants running with the land. The covenants shall be binding upon Developer, and its agents, representatives, tenants, lessees, successors, assigns or transferees from and after the date hereof; provided, notwithstanding any provision herein to the contrary, that the covenants shall be null and void twenty three (23) years after the first anniversary date of this Agreement or when the City has received the tax increment generated by the Redevelopment Site sufficient to pay back the Bonds. Any sale, conveyance or transfer of title to all or any portion of the Redevelopment Site from and after the date hereof shall be subject to such covenants and restrictions. Developer further agrees that to the extent it is obligated to pay any portion of the real estate tax bills for the Redevelopment Site, it shall pay such taxes promptly before the date of delinquency of such tax bills. In the event that Developer, and any successor or assign thereof, transfers ownership of the Redevelopment Site, the transferee owner of same shall be liable from and after such transfer, but Developer shall not be released from any and all liability under this Agreement except as provided in Article X.

ARTICLE X
Miscellaneous

10.01 Right to Assign Agreement. This Agreement and the terms and provisions hereof shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns. Developer may at any time, assign all of its right, title, interest and obligations in and to this Agreement to a special purpose affiliate of Developer created by Developer solely for the development of the Project in accordance with the Project Plan, provided that the Developer notifies the City in writing prior to the transfer of title, and further providing that the City funds shall be paid to the special purpose affiliate and the special purpose affiliate shall assume and be liable for all of the obligations of the "Developer" under this Agreement, including without limitation, the indemnification obligations, and shall be for all purposes under this Agreement the "Developer", and further provides that the Developer shall remain secondarily obligated. The Developer's right to assign the Agreement to a third party (not a special purpose affiliate) and be released from the obligations hereof are contingent on: 1) there being no uncured breach of this Agreement at the time of assignment; 2) the written acknowledgment of the assignee that it takes title subject to the obligations of this Agreement; 3) the written undertaking of the assignee to be bound by the obligations and terms of this Agreement; 4) the written consent of a construction or permanent financing institution, if applicable; and 5) any payments to be made by the City pursuant to this Agreement shall be made to the assignee from and after the effective date of the Assignment. City cannot assign its interest in the parking deck or any rights or obligations relating thereto without Developer's prior written approval.

10.02 Binding Effect. Subject to any provision of this Agreement that may prohibit or curtail assignment of any rights hereunder, this Agreement shall bind and inure to the benefit of the respective heirs, assigns, personal representatives, and successors of the Parties hereto.

10.03 Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Illinois. In case of litigation, venue for any proceedings arising under this Agreement shall be in Kane County, Illinois.

10.04 Attorneys' Fees. If either Party retains an attorney to enforce this Agreement, the prevailing Party shall be entitled to recover, in addition to all other items of recovery permitted by law, reasonable attorneys' fees and costs incurred through litigation, bankruptcy proceedings and all appeals.

10.05 Severability. If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

10.06 Captions. Captions in this Agreement are inserted for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or any of the terms hereof.

10.07 Entire Agreement. This Agreement contains the entire agreement between the Parties regarding the subject matter hereof and any oral or written representations, agreements, understandings and/or statements shall be of no force and effect.

10.08 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one instrument.

10.09 Authority. The individual(s) signing this Agreement on behalf of City and Developer represent and warrant they have the power to bind City and Developer, respectively, and that no further action, resolution, or approval from City or Developer is necessary to enter into this Agreement.

10.10 Waiver/Amendment. No modification, waiver, amendment, discharge or change to this Agreement shall be valid unless the same is in writing and signed by the Party against which the enforcement of such modification, waiver, amendment, discharge or change is or may be sought.

10.11 Conflict of Interest/Liability. No member, official or employee of City shall have any personal interest, direct or indirect, in this Agreement; nor shall any member, official or employee participate in any decision relating to this Agreement which affects his personal interests or the interests of any corporation, partnership, or association in which he is directly or indirectly interested. No member, official, or employee of City shall be personally liable to Developer or any successor in interest in the event of any default or breach by City or for any amount which may become due to Developer or successor or on any obligation under the terms of this Agreement.

10.12 Equal Opportunity. Developer shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, age, mental or physical disability, national origin or ancestry, sexual orientation, marital status, parental status, military discharge status or source of income. Developer shall endeavor to include similar provisions, in every written contract for the Project that Developer enters into, and Developer shall endeavor to require the inclusion of these provisions in every subcontract entered into by any of its contractors, so that such provision will be binding upon each such contractor, or sub-contractor.

10.13 Mutual Assistance. The Parties agree to take such actions, including the execution and delivery of such documents, instruments, petitions and certifications, as may be necessary or appropriate to carry out the terms, provisions and intent of this Agreement.

10.14 Recitals. The recitals set forth above prior to the beginning of Article I are incorporated herein as the material findings and understandings of this Agreement.

10.15 Project Expenses. Without limitation to claims for damages, enforcement costs and the like for a breach by City of this Agreement, City's obligations for the payment of Project Plan expenses are limited to the payment of Eligible Reimbursement Costs subject to the Maximum Eligible Reimbursement Costs, and City shall not be liable for other Project costs.

IN WITNESS WHEREOF, intending to be legally bound this Agreement has been duly executed by the Parties hereto effective as of the Effective Date.

1 N. WASHINGTON LLC., AN ILLINOIS LIMITED LIABILITY CORPORATION

A _____

BY: _____

ITS: _____

NAME: _____

**CITY OF BATAVIA,
AN ILLINOIS MUNICIPAL CORPORATION**

BY: _____
NAME: _____
TITLE: _____

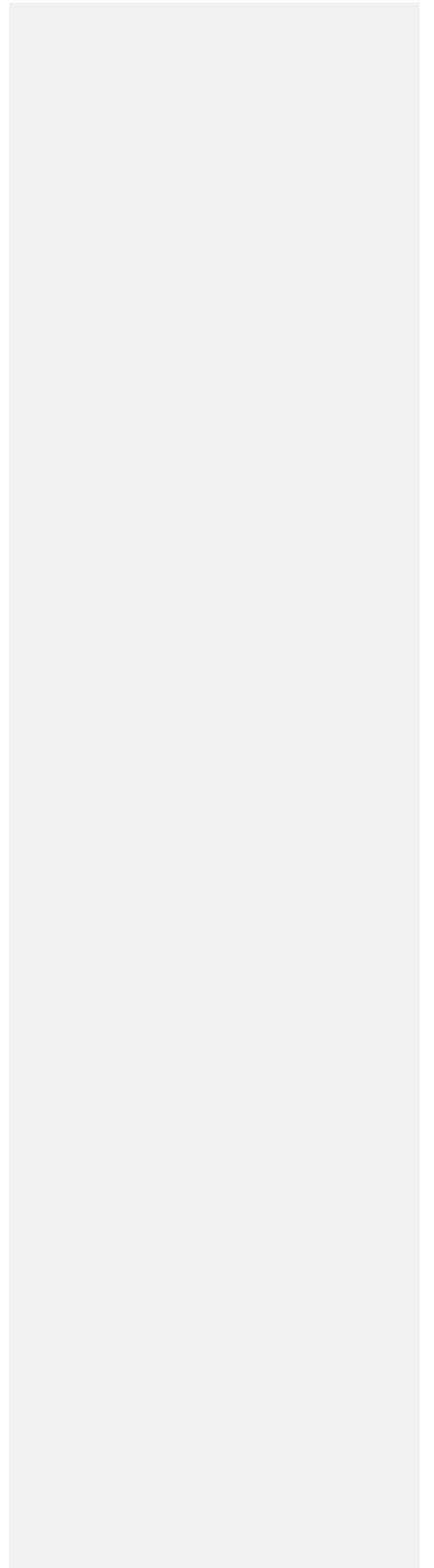


EXHIBIT A

**Church Property, Service Master Property and parking Lot
Legal Description**

1 N. Washington, St. Batavia, IL et al.

EXHIBIT B

City Property Legal Description

**20 N. River, Batavia, IL
111 E. Wilson St., Batavia, IL
115 E. Wilson St., Batavia, IL**

EXHIBIT C

Fisher Property Legal Description

113 E. Wilson St. Batavia, IL

PARCEL ONE:

THE WESTERLY 26 FEET OF THE EASTERLY 66 FEET OF THE SOUTNERLY 118 FEET OF LOT 4 IN BLOCK 7 OF THE ORIGINAL TOWN OF BATAVIA, ON THE EAST SIDE OF THE FOX RIVER, IN THE CITY OF BATAVIA, KANE COUNTY, ILLINOIS.

PARCEL TWO:

EASEMENT FOR USE AS ALLEY CREATED BY INSTALLMENT AGREEMENT FOR DEED RECORDED MARCH 22, 1968, AS DOCUMENT 1110021 MADE BY PASETTI TO FITCH AND OTHERS FOR THE BENEFIT OF PARCEL 1 OVER THE SOUTHERLY 120.64 FEET (EXCEPT THE EASETERLY 66 FEET THEREOF) OF LOT 4 IN BLOCK 7 OF THE ORIGINAL TOWN OF BATAVIA, ON THE EAST SIDE OF THE FOX RIVER, IN THE CITY OF BATAVIA, KANE COUNTY, ILLINOIS.

Property Address: 113 E. Wilson St., Batavia, IL 60510

PIN: 12-22-276-010-0000

Exhibit D

Frydendall Property Legal Description

121 E. Wilson St. Batavia, IL

THAT PART OF LOT 5 IN BLOCK 7 OF THE ORIGINAL TOWN OF BATAVIA, ON THE EAST SIDE OF FOX RIVER, DESCRIBED AS FOLLOWS: COMMENCING AT A POINT IN THE SOUTH LINE OF SAID LOT, 31 FEET EASTERLY FROM THE SOUTHWESTERLY CORNER THEREOF; THENCE NORTHERLY PARALLEL WITH THE WESTERLY LINE OF SAID LOT 118 FEET; THENCE EASTERLY PARALLEL TO THE SOUTHERLY LINE OF SAID LOT 18 FEET; THENCE SOUTHERLY PARALLEL WITH THE WESTERLY LINE OF SAID LOT 118 FEET TO THE SOUTHERLY LINE THEREOF; THENCE WESTERLY ALONG THE SOUTHERLY LINE OF SAID LOT 5, 18 FEET TO THE POINT OF BEGINNING, IN THE CITY OF BATAVIA, KANE COUNTY, ILLINOIS

Property Address: 121 E. Wilson St., Batavia, IL 60510

PIN: 12-22-276-014-0000

EXHIBIT E

Legal Description

8 N. River and 109 E. Wilson Easement~~12 N. River Street Easement~~
~~12 N. River Street, Batavia, IL~~

THE WESTERLY 9 FEET OF THE SOUTHELY 118 FEET OF LOT 4, BLOCK 7, OF THE ORIGINAL TOWN OF BATAVIA, ON THE EAST SIDE OF FOX RIVER, IN THE CITY OF BATAVIA, KANE COUNTY, ILLINOIS.

EXHIBIT F

Legal Description

8 N. River St. and 109 E. Washington St., Batavia, IL

LOT 4 (EXCEPT THE EASTERLY 66 FEET OF THE SOUTHERLY 118 FEET) AND THAT PART OF LOT 2, DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHEAST CORNER OF SAID LOT 4; THENCE WESTERLY AT RIGHT ANGLES TO THE EAST LINE OF SAID LOT 4, TO A POINT IN THE WEST LINE OF SAID LOT4 EXTENDED NORTHERLY; THENCE SOUTHERLY ALONG SAID EXTENDED WEST LINE OF DAID LOT 4 TO THE NORTHWEST CORNER OF SAID LOT 4; THENCE EASTERLY ALONG THE NORTH LINE OF SAID LOT 4 TO THE POINT OF BEGINNING, ALL IN BLOCK 7 OF THE ORIGINAL TOWN OF BATAVIA, ON THE EAST SIDE OF FOX RIVER, IN THE CITY OF BATAVIA, KANE COUNTY, ILLINOIS.

EXHIBIT G

**Legal Description for Redevelopment Site
(all parcels)**

THAT PART OF SECTION 22, TOWNSHIP 39 NORTH, RANGE 8 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHEAST CORNER OF BLOCK 7 OF THE ORIGINAL TOWN OF BATAVIA, KANE COUNTY, ILLINOIS; THENCE SOUTHERLY, ALONG THE WESTERLY LINE OF WASHINGTON AVENUE TO THE NORTHERLY LINE OF WILSON STREET; THENCE WESTERLY, ALONG SAID NORTHERLY LINE, TO THE SOUTHEAST CORNER OF LOT 3 IN SAID BLOCK 7; THENCE NORTHERLY, ON THE EAST LINE OF SAID LOT 3 TO THE NORTHEAST CORNER THEREOF; THENCE NORTHERLY, PARALLEL WITH THE EAST LINE OF LOT 2 OF SAID BLOCK 7, A DISTANCE OF 10.0 FEET; THENCE WESTERLY, PARALLEL WITH THE SOUTHERLY LINE OF SAID LOT 2, TO THE EAST LINE OF RIVER STREET; THENCE NORTHERLY, ALONG SAID EAST LINE, 20 THE SOUTH LINE OF STATE STREET; THENCE EASTERLY, ALONG SAID SOUTH LINE TO THE POINT OF BEGINNING, ALL IN THE CITY OF BATAVIA, KANE COUNTY, ILLINOIS.

EXHIBIT H

List of Public Improvements

- | | | |
|----|--|--|
| 1. | Off-site Storm Sewer | none required <u>City responsibility and cost</u> |
| 2. | Off-site Sanitary Sewer | none required <u>City responsibility and cost</u> |
| 3. | Off-site Watermain | none required <u>City responsibility and cost</u> |
| 4. | Off-site Electric (see attached) | \$92,110.49 <u>City responsibility and cost</u> |
| 5. | <u>Route 25 Turn-In/Turn-Out Lanes</u> | <u>Developer responsibility and cost</u> |
| 6. | <u>Streetscape improvements</u> | <u>Developer responsibility and cost up to \$400,000</u> |
| 7. | <u>Sidewalk & Right-of-Way</u> | <u>Developer responsibility and cost</u> |
| 8. | <u>Public Parking Facility</u> | <u>Developer responsibility and cost</u> |
| 9. | <u>Onsite utility connections</u> | <u>Developer responsibility and cost</u> |

Electric Improvements

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EXHIBIT I
Preliminary Plans

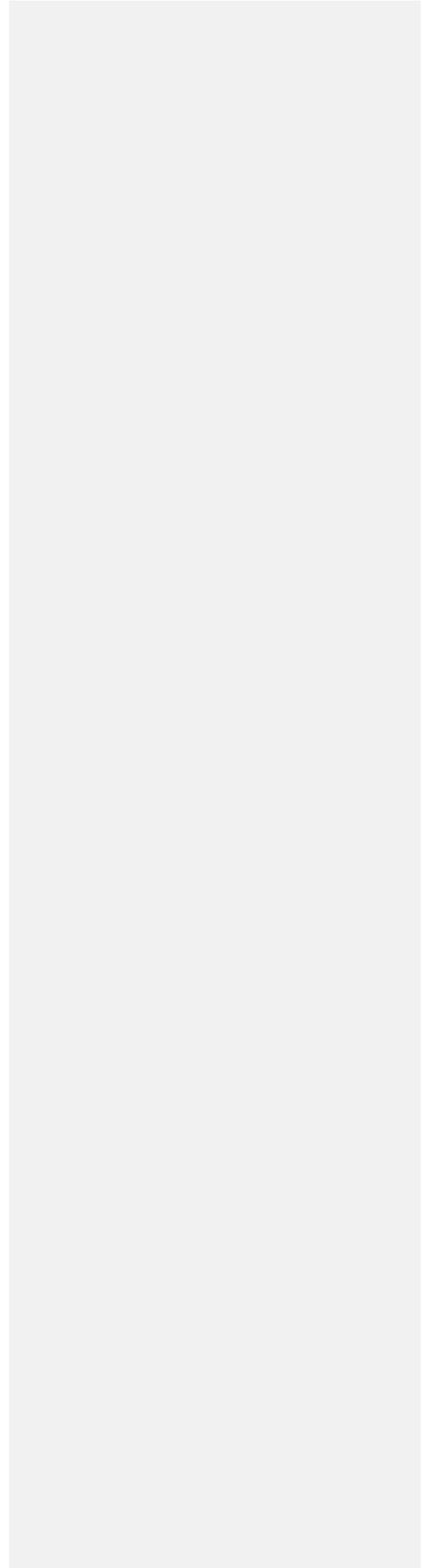


EXHIBIT J

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT ("Agreement") is made and entered into _____, 2016 (or such later date that Purchaser receives a fully executed copy of this Agreement) by and between **CITY OF BATAVIA**, AN ILLINOIS MUNICIPAL CORPORATION ("Seller"), and **1 N. WASHINGTON LLC**, AN ILLINOIS LIMITED LIABILITY COMPANY ("Purchaser").

RECITALS:

- A. Seller is the owner of the "Property" described below.
- B. Seller and Purchaser have entered into that certain written agreement captioned *1 North Washington St. Redevelopment Agreement* dated of even date herewith (the "Redevelopment Agreement") and the terms defined in that Redevelopment Agreement shall have the same meanings in this Purchase and Sale Agreement unless those terms are defined differently herein.
- C. Upon the satisfaction of, and subject to, the terms and conditions set forth in this Agreement, Seller has agreed to sell the Property to Purchaser, and Purchaser has agreed to purchase the Property from Seller.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Purchaser and Seller hereby agree as set forth below.

Section 1. Notice and Effective Date.

This Agreement shall become effective thirty (30) days after the (a) City of Batavia acquires title to the Fisher Property and the Frydendall Property identified in the 1 North Washington St. Redevelopment Agreement entered into contemporaneously between the parties to this Purchase and Sale Agreement (the "Redevelopment Agreement") and gives notice to the Developer (the "**First Notice**"), (b) the buildings are demolished, (c) the City has done the environmental testing and remediation, if necessary, and the property is ready for construction, and (d) the parking lots and parking facilities are demolished, as of the date that the City of Batavia gives written notice that these *Conditions Precedent to the Effective Date* are satisfied and the Seller is ready to proceed (the "**Second Notice**") (hereinafter the "**Effective Date**"),

Section 2. Purchase and Sale of the Property.

Subject to and in accordance with the terms and conditions contained in this Agreement, and consistent with and subject to the terms of the Redevelopment Agreement, Seller agrees to sell, assign, convey, and transfer to Purchaser all Seller's right, title and interest in and to the "Property" (as hereinafter defined), and Purchaser hereby agrees to purchase the Property for Ten and No/100th Dollars, the additional consideration from the Developer being contained in the Redevelopment Agreement. For purposes hereof the "Property" is collectively defined as set forth in paragraphs 1a, b and c below:

a. Land. Subject to the permitted exceptions (as defined below), fee simple title to that certain real property commonly known as 1 N. Washington Street, 20 N. River Street, 111, 113, 115, 121 and 133 E. Wilson St., Batavia, Illinois, which real property is identified as the Redevelopment Site and more particularly described in **Exhibit "E"** of the Redevelopment Agreement ("Land"). The Land and the "Improvements" (hereinafter defined) are together called the "Real Property".

b. Appurtenances. All rights, privileges and easements appurtenant to the Real Property, all development rights, water rights, mineral rights, and air rights relating to the Real Property and any and all easements, rights-of-way and other appurtenances used in connection with the beneficial use and enjoyment of the Real Property ("Appurtenances").

c. Awards. All right, title and interest to any unpaid awards for damages to the Real Property resulting from any casualty, taking in eminent domain or by reason of change of grade of any street accruing after closing of the purchase and sale pursuant to this Agreement.

Section 2. Due Diligence Period; Contingency; Closing Date.

a. Initial Due Diligence Period. For ninety (90) day period that begins on the date of the First Notice (the "Initial Due Diligence Period"), Purchaser and/or Purchaser's consultants, shall have the right to: (i) enter upon and investigate the Property from time to time to examine and inspect same and to make such feasibility, financing, environmental, development, survey, title, zoning, regulatory, utility, engineering, soil and other tests and studies as are deemed necessary or desirable by Purchaser; and (ii) file the necessary and appropriate applications for zoning and other approvals for the redevelopment of the site as a multi-story apartment building on top of a public parking garage identified in Section 1.02(b) of the Redevelopment Agreement. Purchaser shall indemnify and save Seller and the Property harmless from any and all obligations, claims, accounts, demands, liens or encumbrances, including costs and expenses (including attorney's fees and costs of suit) in any way relating to or arising from the acts of Purchaser or those acting by, through or under Purchaser pursuant to this paragraph. In the event said investigation, examination and inspection is unacceptable to Purchaser, for any reason, Purchaser may by notice to Seller given no later than the fifth (5th) Business Day following the expiration of the Initial Due Diligence Period, terminate this Agreement, and in such event this Agreement shall thereafter be null and void, and neither party hereto shall have any claim against the other (provided, however, the foregoing provisions of this sentence shall not be construed to limit or waive any indemnification provision set forth in this Agreement which shall survive termination of this Agreement). In the case that Purchaser has conducted soil test or any other activity requiring excavation, and thereafter terminates this Agreement, Purchaser shall restore the grade of the Land to its general condition prior to such testing.

b. Zoning & Approval Period. Provided that the Purchaser submits to the City applications for zoning and preliminary plan approvals within sixty (60) days after the Seller provides the First Notice and proceeds forward with the diligent pursuit of zoning and preliminary plan approval, in the event the zoning and preliminary plan approval is unacceptable to Purchaser, for any reason, Purchaser may by written notice to Seller given no later than the thirtieth (30th) day following the zoning and preliminary plan approval, terminate this Agreement, and in such event this Agreement shall thereafter be null and void, and neither party hereto shall have any claim against the other.

c. Closing Date. Provided neither party has not elected to terminate this Agreement within the Initial Due Diligence Period or Zoning & Approval Period, the "Closing" of the transaction contemplated hereby shall occur within thirty (30) days after the end of the close of the Zoning & Approval Period or from the Second Notice, whichever is later, or otherwise on a date that is mutually agreed upon by Purchaser and Seller (the "Closing Date"). The Closing shall take place through escrow ("Escrow") on the Closing Date at the offices of Chicago Title Insurance Company, 1795 IL-38, Geneva, IL 60134 (the "Title Insurer"). Possession of the Property shall be delivered to Purchaser on the Closing Date free and clear of the rights of all third parties, excepting Purchaser and/or affiliates of Purchaser identified by Purchaser in writing.

Section 3. Property Information / Title and Survey.

a. Current Title. Seller shall, at Seller's sole cost and expense, secure: (i) a current (dated subsequent to the First Notice) title commitment from the Title Insurer for the Land, and (ii) legible copies of all

documents of record affecting the Real Property as disclosed in the title commitment (the "Title Information"), and obtain all of same no later than thirty (30) days after the First Notice. Not later than thirty (30) days following receipt of all Title Information (the "Title Advisory Date"), Purchaser shall provide written notice to Seller of ("Purchaser's Title Notice"): (i) permitted exceptions to title (ii) the Redevelopment Agreement and easements and other obligations specified therein and (iii) any matters affecting title to the Real Property which are not permitted by Purchaser as to which Purchaser disapproves, and pursuant to said notice request that Seller correct such unpermitted title matters. Seller shall, in the exercise of its reasonable discretion, advise Purchaser not later than the fifth (5th) business day following its receipt of Purchaser's Title Notice (the "Title Response Date"), as to whether Seller intends to correct the unpermitted title matters or provide endorsement coverage with respect thereto prior to the Closing. If Seller elects not to correct the unpermitted title matters, or if Seller elects not to provide endorsement coverage, or if Seller provides no notice to Purchaser by 5:00pm on the Title Response Date (in which event Seller shall be deemed to have elected not to correct the unpermitted title matter), Purchaser shall have the option to either waive its objection or cancel this Agreement in writing to Seller given no later than the later of: (i) the expiration of the tenth (10th) Business Day following expiration of the Initial Due Diligence Period, and (ii) the expiration of the tenth (10th) Business Day following the Title Response Date. If Seller elects to correct an unpermitted title matter by way of endorsement coverage, Purchaser shall have the right to approve the form and content of the endorsement, which approval shall be in Purchaser's sole and absolute discretion.

b. **Current Survey.** Seller shall, at Seller's sole cost and expense, secure a current (dated subsequent to the Second Notice) ALTA/ACSM survey of the Real Property (the "Survey"). Not later than ten (10) days following receipt of all Survey (the "Survey Advisory Date"), Purchaser shall provide written notice to Seller of ("Purchaser's Survey Notice") of any matters affecting title to the Real Property which are not permitted by Purchaser as to which Purchaser disapproves, and pursuant to said notice request that Seller correct such unpermitted title matters. Seller shall, in the exercise of its reasonable discretion, advise Purchaser not later than the fifth (5th) business day following its receipt of the Survey ("Survey Response Date") as to whether Seller intends to correct any unpermitted title matters or provide endorsement coverage with respect thereto prior to the Closing. If Seller elects not to correct the unpermitted title matters, or if Seller elects not to provide endorsement coverage, or if Seller provides no notice to Purchaser by 5:00pm on the Title Response Date (in which event Seller shall be deemed to have elected not to correct the unpermitted title matter), Purchaser shall have the option to either waive its objection or cancel this Agreement in writing to Seller given no later than the expiration of the fifth (5th) Business Day following the Title Response Date. If Seller elects to correct an unpermitted title matter by way of endorsement coverage, Purchaser shall have the right to approve the form and content of the endorsement, which approval shall be in Purchaser's sole and absolute discretion.

Section 4. Prorations. Seller and Purchaser agree that some of the Property is currently exempt from Real Property taxation, that there are no utilities charged to Seller for operation of the lighting on the Property, and no other utility which may result in a charge to Seller and/or to Purchaser, and there are no other expenses to be prorated. The Purchaser agrees and acknowledges that the current tax exemption applicable to the City property shall expire upon transfer of title.

Section 5. Conditions to Closing. Purchaser's obligation to purchase the Property shall, in addition to any other conditions set forth in this Agreement, be conditional and contingent upon satisfaction, or written waiver by Purchaser, of each and all of the below listed conditions on or before Closing Date (the "Conditions"):

a. **Title Policy.** On the Closing Date, Title Insurer shall be irrevocably committed to issue to Purchaser an ALTA extended coverage owner's policy of title insurance for the Real Property, with such endorsements requested by Purchaser (the "Title Policy") subject only to the permitted exceptions to title. Seller agrees that it will not cause any matters to affect title to the Real Property which would constitute further exceptions under the Title Policy.

b. **Covenants, Representations and Warranties.** The covenants of Seller are fully performed, and the representations and warranties of Seller are true and correct, on the Closing Date.

c. No Condemnation. The Real Property is not subject, in whole or in part, to any condemnation proceeding, or threat thereof, on the Closing Date.

d. No Third Parties in or with right to Possession. No person or entity has, or claims to have, any right to possession of the Real Property or is in possession of the Real Property, whether by lease, license, or other means or claim of right, and no person or entity is in possession of the Real Property, with the exception of the federal post office box and other mailboxes on the site, which shall remain on the property where located or be moved by mutual agreement to another location on the City property or Purchaser's adjacent property.

e. Redevelopment Agreement. All "*Contingencies Precedent to Transfer of Title*" (as defined in Section 3.02 of the Redevelopment Agreement) are fully satisfied (or waived in writing by Purchaser), and/or Purchaser has not terminated the Redevelopment Agreement. In the event of any of the above conditions, or such other conditions in this Agreement contained, are not satisfied or waived by Purchaser on or before the Closing Date, Purchaser may: (i) terminate this Agreement, (ii) elect to waive such condition and proceed with the Closing, and/or (iii) pursue any and all other remedies available to Purchaser at law or in equity if the failure of such condition is due to a default of Seller of its obligations under this Agreement or under the Redevelopment Agreement.

Section 6. Documents to be Delivered at Closing. On the Closing Date, the following fully executed documents and/or items, acknowledged where appropriate, and in form and substance reasonably satisfactory to Purchaser shall be delivered to the Escrow (together referred to herein as the "Closing Documents"):

a. Deed. A Special Warranty Deed ("Deed") from Seller in form and content reasonably acceptable to Seller and Purchaser, conveying good and insurable fee simple title, subject to the permitted exceptions, and otherwise in recordable form.

b. Settlement Statement. A settlement statement prepared by the parties or the Title Insurer and acceptable to Purchaser and Seller showing all cash receipts and disbursements to be made on the Closing Date.

c. Title Policy. The Title Policy issued by the Title Insurer in the amount that Purchaser deems appropriate, insuring fee simple title Real Property as being vested in Purchaser, subject only to the permitted exceptions, and containing such endorsements as Purchaser may require. Purchaser shall be responsible to have the Title Policy delivered at the Closing (in a marked up and signed commitment or signed pro forma format so that upon closing the Title Insurer is insuring Purchaser's title to the Real Property, as opposed to committing to insure title), with the original Title Policy endeavored to be delivered to Purchaser within five (5) Business Days following the Closing Date. The cost of the Title Policy shall be borne by the Purchaser.

d. Non-Foreign Status Affidavit. An Affidavit of Non-Foreign Status executed by Seller in form and content reasonably acceptable to Seller and Purchaser, if necessary.

e. ~~Other Documents.~~ All other documents affecting title to or possession of the Property and necessary to transfer or assign the same to Purchaser as provided herein, including without limitation, documents reasonably required by the Title Insurer.

Section 7. Representations and Warranties of Seller. Seller represents and warrants, and covenants and agrees as follows for the benefit of Purchaser and Purchaser's successors and assigns:

a. Status of and Execution by Seller. Seller is now, and on the Closing Date will be in duly empowered and authorized to do all things required of it under or in connection with this Agreement. All agreements, instruments, and documents herein provided to be executed or to be caused to be executed by Seller will

be duly executed by and binding upon Seller and enforceable according to their terms. Seller is the fee simple owner of the Real Property.

b. Non-Foreign Status. Seller is not a "foreign person" as defined in, and Purchaser shall not be required to withhold any portion of the Base Purchase Price pursuant to, Internal Revenue Code Section 1445.

c. Litigation and Condemnation. Seller has not received notice that any actions, suits, or proceedings of any kind are pending or threatened against or affecting Seller or the Property in any court of law or in equity or in arbitration or by any governmental department, commission, board, bureau, agency, or other instrumentality which might materially adversely affect the ownership or operation of the Property or the ability of Seller to timely perform its obligations under this Agreement. To Seller's knowledge, Seller has not received notice of any condemnation action threatened or pending against the Real Property, or any proposed or pending special assessment proceeding.

d. Violation of Laws. Seller has not received written notice that the Real Property is in violation of any order, judgment, injunction, award or decree of any court or agency of competent jurisdiction or any other requirement of any governmental authority or arbitrator or Board of Fire Underwriters applicable to the Real Property.

e. No Leases/Rights of Third Parties. There are no leases, licenses or other rights of third parties to occupy or use the Real Property or any portion thereof, except for the mailboxes, which shall remain on the property where located or be moved by mutual agreement to another location on the City property or Purchaser's adjacent property.

f. Special Assessments. Seller has not received any notice or information concerning any assessments for improvements (site or area) which have been or are to be installed by any public authority, the cost of which is to be assessed in whole or in part against any part of the Real Property.

g. Authority to Contract. Neither this Agreement nor anything provided to be done hereunder, or required to be done hereunder to effectuate the transaction contemplated hereunder, by Seller, including but not limited to the conveyance of the Property, will violate any contract, agreement or instrument to which Seller is a party to and/or which affects the Property.

h. Recapture Agreements. There are no obligations in connection with the Real Property for any so called "recapture agreements" involving refund, participation or payment of monies, nor any charge for work or services done, or to be done, upon or relating to or benefiting, whether now or in the future, the Real Property.

Seller shall be required to state in writing prior to Closing exceptions to the above listed representations, warranties, and covenants, in which case Purchaser may (i) terminate this Agreement if such exceptions are not reasonably acceptable, (ii) elect to close this transaction notwithstanding such exceptions, and/or (iii) pursue any and all other remedies available to Purchaser at law or in equity. The representations and warranties contained in this Agreement shall survive the Closing and the recordation of the Deed. Any liability of Seller arising in connection with the representations and warranties contained in this Agreement, however, shall terminate three hundred sixty five (365) days from the Closing Date, except for any claims asserted prior to the expiration of such three hundred sixty five (365) day period.

Section 8. Default. Seller shall be in default under this Agreement (i) if Seller breaches any representation or warranty of Seller contained in this Agreement, (ii) if Seller fails to timely perform any of its covenants, agreements, and/or obligations contained in this Agreement, (iii) if, as of Closing, there exists any unpermitted title and/or survey exceptions, and (iv) if any of the conditions set forth in Section 5 above or elsewhere contained in this Agreement are unsatisfied as of Closing as the result of Seller's action or inaction. Purchaser shall provide Seller with written notice of default and Seller shall be entitled to cure any such default within ten (10) days of receipt of Purchaser's

notice of default. In the event of an uncured default by Seller under this Agreement, Purchaser shall, notwithstanding anything to the contrary contained in this Agreement, have all remedies specified in this Agreement and all other remedies available to Purchaser at law or in equity, including without limitation, specific performance. The recitation of a specific remedy in this Agreement shall not exclude any and all other remedies available to Purchaser at law or in equity.

Purchaser shall be in default under this Agreement if Purchaser breaches any representation or warranty of Purchaser herein contained in this Agreement or if Purchaser fails to timely perform any of its covenants, agreements, and/or obligations contained in this Agreement. In the event of a default by Purchaser under this Agreement which is not cured within ten (10) days of written notice of default received by Purchaser from Seller, Seller's sole and exclusive remedy hereunder shall be to terminate this Agreement by notice to Purchaser, whereupon all rights, duties and obligations of the parties under this Agreement shall terminate.

The default provisions shall be construed in harmony with and subject to the terms of the Redevelopment Agreement.

Section 9. Miscellaneous.

a. Possession. Possession of the Real Property shall be delivered to Purchaser on the Closing Date.

b. Attorney Fees. In the event that a party hereto is in default of its obligations herein contained and the non-defaulting party sues to enforce its rights hereunder, the defaulting party shall pay all of the costs and expenses (including reasonable attorney fees) incurred by the non-defaulting party in the enforcement of the terms and provisions of this Agreement, including causing the return and disbursement of the any monies held in trust to Purchaser if same is entitled to the return thereof.

c. Offer and Acceptance. Delivery by Purchaser to Seller of a copy of this Agreement executed by Purchaser shall constitute an offer to purchase the Property upon the terms and conditions herein set forth which offer shall be effective for a period of fifteen (15) full Business Days following the time of such delivery. If Seller fails to deliver a fully executed counterpart of this Agreement to Purchaser prior to expiration of such fifteen (15) full Business Day period, then at Purchaser's sole option, said offer may be revoked and rescinded in its entirety at any time thereafter, and upon such revocation and rescission, said offer and this Agreement shall have no further force or effect. The signature of the City Administrator shall be considered acceptance of the Agreement, provided that the Agreement is subject to the condition subsequent of the City Council's approval at a regular or special public meeting.

d. Counterparts. This Agreement and any document or instruments executed pursuant hereto may be executed in any number of counterparts each of which shall be deemed an original, but all of which together shall constitute one and the same instruments.

e. Laws of Illinois. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois. In case of litigation, venue for any proceedings arising under this Agreement shall be in Kane County, Illinois

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

g. Delivery of Property Free of Rights of Others. Seller shall deliver the Real Property at Closing, free and clear of any and all rights of third parties to occupy or use the Real Property other than Purchaser and/or affiliates of Purchaser identified in the Redevelopment Agreements, easements that are referenced in the Redevelopment Agreement or other written agreement between the parties.

h. Successors and Assigns. This Agreement and the terms and provisions hereof shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Purchaser, without the consent of Seller, may at any time on or after the date hereof assign all of its right, title, interest and obligations in and to this Agreement to its nominee and upon such assignment, Purchaser shall be relieved of any and all obligations and liability under this Agreement.

j. Costs. The parties agree that, being a municipal corporation, the transaction is not subject to state and county transfer taxes, and that there are no local real estate transfer taxes. Purchaser shall be liable for the premium for the extended coverage policy of title insurance and any endorsements thereto, the cost of the Survey, its legal counsel and consultant fees, all brokers, and the escrow fees. Purchaser shall also pay all costs associated with any financing, nominal recording fees, to the extent imposed upon Purchaser pursuant to local ordinance any municipal or local transfer taxes or the like, and its legal counsel and consultant fees. Seller and Purchaser shall each be responsible for paying their respective legal fees and costs, if any, outside of escrow.

k. Notices. All notices and demands given or required to be given by any party hereto to any other party ("notices") shall be in writing and shall be delivered in person or sent by telecopy with electronic confirmation of receipt thereof and with concurrent mailing by U.S. Postal Service delivery, or by a reputable overnight carrier that provides a receipt, such as Federal Express or UPS, or by registered or certified U.S. mail, postage prepaid, addressed as follows (or sent to such other address as any party shall specify to the other party pursuant to the provisions of this Section):

TO PURCHASER:

David Patzelt, President;
1 N. Washington LLC
17 N. First Street
Geneva, IL 60134
630-232-8570
email: dave_patzelt@shodeen.com

and:

Kate McCracken
Hoscheit, McGuirk, McCracken & Cuscaden, P.C.
1001 E. Main St., Ste G
St. Charles, IL 60174
(630) 513-8700
kate@hmcpc.com

To City:

Laura Newman
City of Batavia
100 North Island Avenue
Batavia, IL 60510
email: cityadministrator@cityofbatavia.net

With a copy to:

City Clerk
City of Batavia

Batavia, IL 60510
email: cityclerk@cityofbatavia.net

ANY NOTICE REQUIRED FOR UNDER THIS AGREEMENT MAY ALSO BE SENT BY EMAIL. All notices delivered in the manner provided herein shall be deemed given upon actual receipt (or attempted delivery if delivery is refused).

Business Day. For purposes of this Agreement, “business day” or “Business Day” shall mean Monday through Friday, excluding New Year’s Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day, and other legal holidays normally observed by business offices government offices, and/or banking offices.

Section 10. Broker. Seller represents and warrants that it has not dealt with any broker in connection with this Agreement and/or the transaction contemplated herein.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

PURCHASER:
I N. WASHINGTON LLC., AN ILLINOIS LIMITED LIABILITY COMPANY

BY: _____
ITS: _____
NAME: _____

SELLER:
CITY OF BATAVIA, AN ILLINOIS MUNICIPAL CORPORATION

BY: _____
ITS: _____
NAME: _____

EXHIBIT K

SSA

CITY OF BATAVIA
ORDINANCE (Ordinance Number)
AN ORDINANCE ESTABLISHING SPECIAL
SERVICE AREA NUMBER (SSA Number)
(SUBDIVISION Name and Unit Number)

ADOPTED BY THE
MAYOR AND CITY COUNCIL
OF THE
CITY OF BATAVIA
THIS (Date) DAY OF (MONTH), (Year)

Published in pamphlet form
by authority of the Mayor
and City Council of the
City of Batavia,
Kane County, Illinois, this
(DATE) day of (MONTH), (YEAR)

ORDINANCE (Ordinance Number)
AN ORDINANCE ESTABLISHING SPECIAL
SERVICE AREA NUMBER (SSA Number)
(1 N. WASHINGTON REDEVELOPMENT)

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BATAVIA, KANE COUNTY, ILLINOIS, AS FOLLOWS:

SECTION 1: Authority to Establish Special Service Area.

Special Service Areas are established pursuant to Article VII, Section 7, of the 1971, the Special Service Area Tax Law (65 ILCS 200/27-5 et seq.).

SECTION 2: Findings.

- A. The question of the establishment of the Area hereinafter described as a Special Service Area is considered by the City Council pursuant to an Ordinance entitled, "An Ordinance Proposing Establishment of a Special Service Area (Special Service Area No. (SSA Number) in the City of Batavia, Kane County, Illinois, and Providing for a Public Hearing and Other Procedures in Connection Therewith", adopted (Date of Proposing Ord), and is considered pursuant to a Hearing held on (Hearing Date), by the City Council, pursuant to Notice duly published in the (Newspaper), a newspaper published in the City of Batavia, at least fifteen (15) days prior to the Hearing, and pursuant to Notice by mail addressed to the person or persons or trustee in whose name the general taxes for the last preceding year were paid on each lot, block, tract or parcel of land lying within the Special Service Area. Said Notice was given by depositing said Notice in the United States Mails not less than ten (10) days prior to the time set for Public Hearing. A Certificate of Publication of said Notice and Receipts of Mailing of said Notice are attached to this Ordinance as Exhibits 1 and 2; said Notices conformed in all respects to the requirements of Section 5 of Public Act 78-901, aforesaid.
- B. That a Public Hearing on the questions set forth in the Notice was held on (Hearing Date). All interested persons were given an opportunity to be heard on the question of an annual tax for maintenance of said basins, as set forth in the Notice. The Public Hearing was adjourned at (Time) p.m. on (Hearing Date).
- C. That after considering the information, as presented at the Public Hearing, the City finds that it is in the public interest and in the interest of the City of Batavia Special Service Area No. (SSA number) that said Special Service Area, as hereinafter described, be established.

- D. Said Area is compact and contiguous and constitutes a unique residential area of Batavia.
- E. It is in the best interests of said Special Service Area that the furnishing of the municipal services proposed be provided. The proposed municipal services are unique and in addition to the municipal services provided to the City of Batavia as a whole.

SECTION 3: The City of Batavia Special Service Area No. (SSA number) established.

A Special Service Area to be known and designated as "City of Batavia Special Service Area No. (SSA number)" is hereby established and shall consist of the territory described on Exhibit 3 attached hereto.

SECTION 4: Purpose of Area.

City of Batavia Special Service Area No. (SSA number) is established to provide special municipal services to the Area in addition to services provided to the City generally. The purpose of the formation of the City of Batavia Special Service Area No. (SSA number) is to provide special municipal services to the Area in connection with the redevelopment of the property, including but not limited to a public parking facility and associated public improvements, including streetscape improvements and landscaping, all of which is pursuant to the terms of a certain Redevelopment Agreement (1 N. Washington Avenue) between the owners of the Property and the City of Batavia dated _____, 2016 ("Redevelopment Agreement").

Annual taxes may be levied for the special services enumerated herein, on property in said Special Service Area No. (SSA number), for said Special Service Area, in addition to all other City taxes pay the difference between in keeping with the terms of the Redevelopment Agreement the tax increment generated from the Project, as defined in the Redevelopment agreement, and the debt service payments when those payments are due; provided, that the special annual taxes shall be limited so that the total of said tax does not exceed an annual amount of 50 cents (\$.50) per \$100.00 of assessed value, as equalized, to be levied against the property included in Special Service Area No. (SSA number).

SECTION 5: Effective Date.

This ordinance shall become effective from and after its passage, approval and publication in pamphlet form in the manner prescribed by law.

PRESENTED to the City Council of the City of Batavia, Illinois, on the (Date)th day of (Month), 2005.

PASSED by the City Council of the City of Batavia, Illinois, on the (Date)th day of (Month), 2005.

APPROVED by me as Mayor of said City of Batavia, Illinois, on the (Date)th day of (Month), 2005.

Ayes _____
Nays _____
Absent _____
Abstentions _____
Total Holding Office _____

Prepared by and after recording return to: John S. Noble, Batavia Government Center, 100 N. Island Ave., Batavia, Illinois 60510

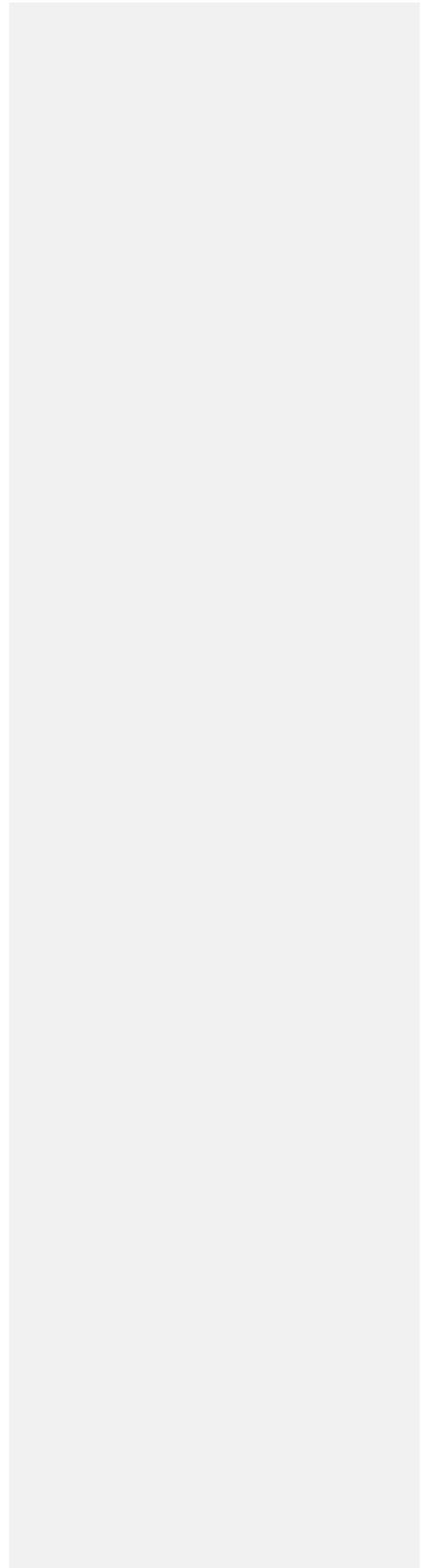


EXHIBIT 1
CERTIFICATE OF PUBLICATION

TO BE INSERTED LATER

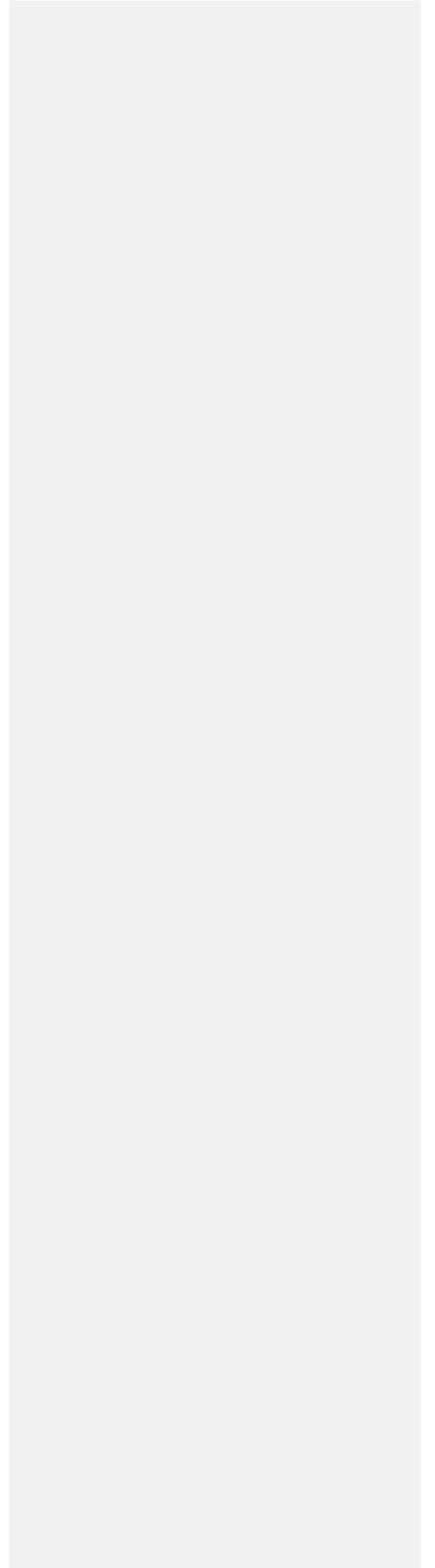


EXHIBIT 2
RECEIPT OF MAILING

(PERSON MAILING NOTICES), being first duly sworn on oath, states that **s/he** did deposit a copy of the document hereinafter specified in the United States Post office Box in the City of Batavia, Kane County, Illinois, certified with the U.S. postage fully prepaid thereon, on the date hereinafter set forth, enclosed in an envelope properly and securely sealed and plainly addressed to the person or persons hereinafter specified:

Description of Document: Notice of Hearing - SSA # **(SSA number)**

Date of Mailing: **(Date)**

Addressed to:

PIN **Property Owners**

Subscribed and sworn to before
me this **(Date)**

Notary Public

**EXHIBIT 3
(LEGAL DESCRIPTION)
(Subdivision)**

(Legal Description)

EXHIBIT L
Letter of Credit Form

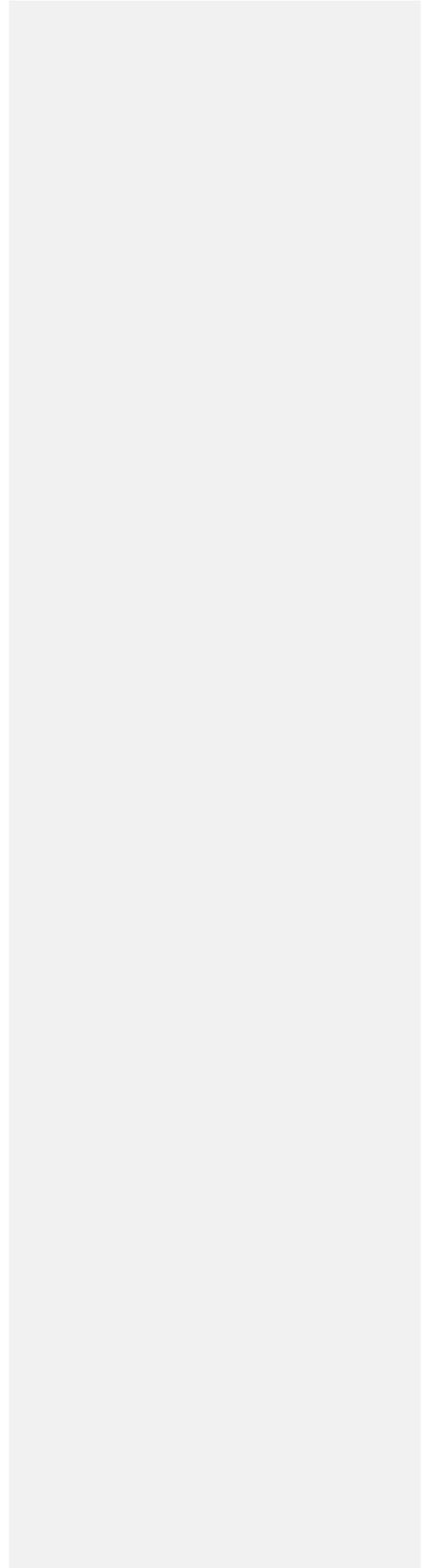


EXHIBIT M
Memorandum of Recording

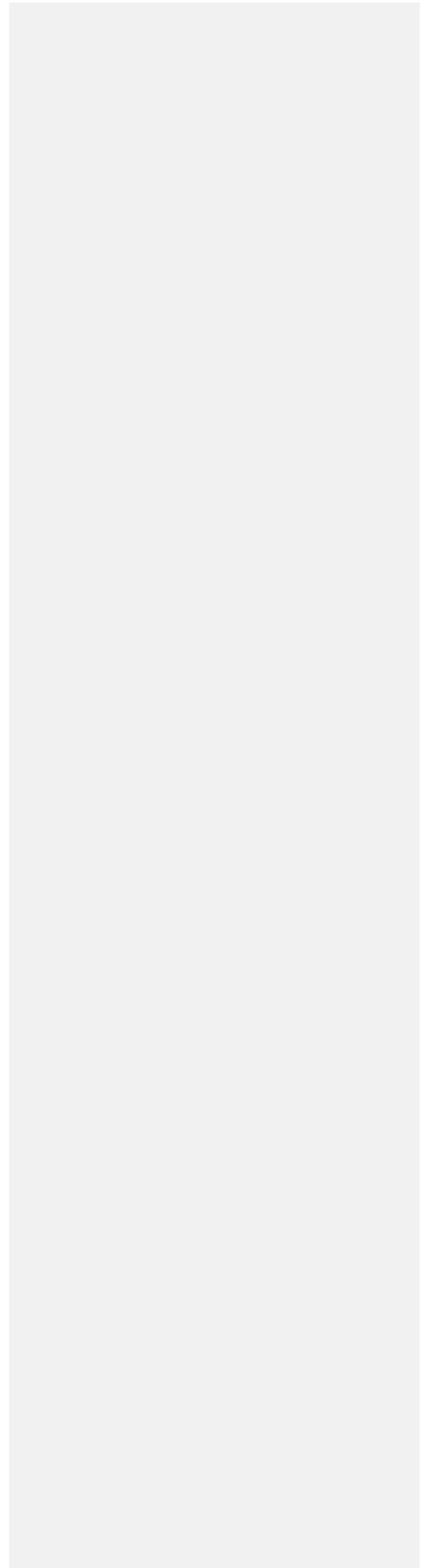


EXHIBIT N
Priority Reimbursement Schedule

