

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

Name of Redevelopment Project Area: TIF #4	
Primary Use of Redevelopment Project Area*: Commercial	
If "Combination/Mixed" List Component Types:	
Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one):	
Tax Increment Allocation Redevelopment Act <input checked="" type="checkbox"/>	Industrial Jobs Recovery Law _____

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

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

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

Reporting Year	Cumulative
----------------	------------

Fund Balance at Beginning of Reporting Period

\$ 549,942

Revenue/Cash Receipts Deposited in Fund During Reporting FY:

			% of Total
Property Tax Increment	\$ 339,738	\$ 664,651	96%
State Sales Tax Increment	\$ -		0%
Local Sales Tax Increment	\$ -		0%
State Utility Tax Increment	\$ -		0%
Local Utility Tax Increment	\$ -		0%
Interest	\$ 41,634	\$ 25,560	4%
Land/Building Sale Proceeds	\$ -		0%
Bond Proceeds			0%
Transfers from Municipal Sources	\$ -		0%
Private Sources	\$ -		0%
Other (identify source _____; if multiple other sources, attach schedule)	\$ -		0%

Total Amount Deposited in Special Tax Allocation Fund During Reporting Period

\$ 381,372

Cumulative Total Revenues/Cash Receipts

\$ 690,211 100%

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

\$ 217,071

Distribution of Surplus

\$ -

Total Expenditures/Disbursements

\$ 217,071

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

\$ 164,301

FUND BALANCE, END OF REPORTING PERIOD

\$ 714,243

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

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

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

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

	Reporting Fiscal Year	
1. Costs of studies, administration and professional services—Subsections (q)(1) and (o) (1)		
Professional Services	217,071	
		\$ 217,071
2. Cost of marketing sites—Subsections (q)(1.6) and (o)(1.6)		
		\$ -
3. Property assembly, demolition, site preparation and environmental site improvement costs. Subsection (q)(2), (o)(2) and (o)(3)		
		\$ -
4. Costs of rehabilitation, reconstruction, repair or remodeling and replacement of existing public buildings. Subsection (q)(3) and (o)(4)		
		\$ -
5. Costs of construction of public works and improvements. Subsection (q)(4) and (o)(5)		
		\$ -
6. Costs of removing contaminants required by environmental laws or rules (o)(6) - Industrial Jobs Recovery TIFs ONLY		
		\$ -

14. Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects. Subsection (q)(11)(A-E) and (o)(13)(A-E)		
		\$ -
15. Costs of construction of new housing units for low income and very low-income households. Subsection (q)(11)(F) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
16. Cost of day care services and operational costs of day care centers. Subsection (q) (11.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
TOTAL ITEMIZED EXPENDITURES		\$ 217,071

SECTION 3.3 - (65 ILCS 5/11-74.4-5 (d) (5) 65 ILCS 11-74.6-22 (d) (5))
Breakdown of the Balance in the Special Tax Allocation Fund At the End of the Reporting Period
(65 ILCS 5/11-74.4-5 (d) (5) (D) and 65 ILCS 5/11-74.6-22 (d) (5) (D))

FUND BALANCE, END OF REPORTING PERIOD \$ 714,243

	Amount of Original Issuance	Amount Designated
1. Description of Debt Obligations		

Total Amount Designated for Obligations \$ - \$ -

2. Description of Project Costs to be Paid		
Professional Services		\$ 200,000

Total Amount Designated for Project Costs \$ 200,000

TOTAL AMOUNT DESIGNATED \$ 200,000

SURPLUS*/(DEFICIT) \$ 514,243

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

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

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

 x No property was acquired by the Municipality Within the Redevelopment Project Area

Property Acquired by the Municipality Within the Redevelopment Project Area

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

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

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

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

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

Please include a brief description of each project.

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

	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Estimated Cost of the Total Project
TOTAL:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
Project 1:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
Project 2:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
Project 3:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
Project 4:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
Project 5:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0
Project 6:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

ATTACHMENT A

(TIF IV)

I, EDWINA CORSO, Village Clerk, do hereby certify that there were no amendments to the redevelopment project area and plan as it relates to the Tax Increment Financing District Number IV, in the Village of Arlington Heights, County of Cook, State of Illinois in fiscal year May 1, 2006 to April 30, 2007.

November 8, 2007


EDWINA CORSO
Village Clerk

Attest:

ATTACHMENT B

(TIF IV)

I, Arlene J. Mulder, the duly elected Chief Executive Officer, of the Village of Arlington Heights, County of Cook, State of Illinois, and as such, do hereby certify that the Village of Arlington Heights has complied with all requirements pertaining to the Tax Increment Redevelopment Allocation Act for Tax Increment Financing District Number IV, during the current municipal fiscal year, May 1, 2006 to April 30, 2007.

November 8, 2007.


Arlene J. Mulder
President Board of Trustees
Village of Arlington Heights

ATTEST:


EDWINA CORSO
Village Clerk

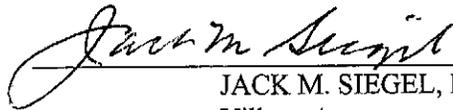
ATTACHMENT C and L

(TIF IV)

I, JACK M. SIEGEL, Village Attorney of the Village of Arlington Heights, County of Cook, State of Illinois, and have been such throughout the fiscal year covered by this report, May 1, 2006 to April 30, 2007, do hereby state as follows:

It is my opinion that the Village of Arlington Heights has in all respects complied with the requirements of the Tax Allocation Redevelopment Act as it relates to Tax Increment Financing District Number IV, for the fiscal year, May 1, 2006 to April 30, 2007.

November 8, 2007



JACK M. SIEGEL, P.C.
Village Attorney

ATTEST:


EDWINA CORSO
Village Clerk

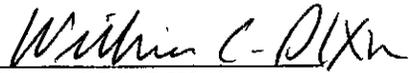
ATTACHMENT D

(TIF IV)

I, WILLIAM C. DIXON, Village Manager, do hereby certify that the following activities were undertaken in furtherance of the objectives of the redevelopment plan for Tax Increment Financing District Number IV, between May 1, 2006 and April 30, 2007.

1. The Village entered into an Amended and Restated Redevelopment Agreement on June 19, 2006 with Gershman Brown / Strategic Real Estate Services to develop the redevelopment project area (A06-017)(Ord. #06-031).
2. The Village rezoned approximately 4.5 acres in the northern portion of the TIF district from R-1 One Family Residential to OT Office Transitional (Ord #07-015) and amended the Zoning Code to include an Overlay Zoning District for said 4.5 acres (Ord.#07-016).

November 8, 2007


WILLIAM C. DIXON
Village Manager

ATTEST: (


EDWINA CORSO
Village Clerk

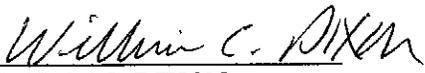
ATTACHMENT E

(TIF IV)

I, WILLIAM C. DIXON, Village Manager of the Village of Arlington Heights, do hereby state that the Village of Arlington Heights did not purchase property but did enter into a redevelopment agreement within Tax Increment Financing District Number IV, in the fiscal year, May 1, 2006 to April 30, 2007.

1. The Village entered into an Amended and Restated Redevelopment Agreement on June 19, 2006 with Gershman Brown / Strategic Real Estate Services to develop the redevelopment project area (A06-017)(Ord. #06-031).

November 8, 2007


WILLIAM C. DIXON
Village Manager

ATTEST: r


EDWINA CORSO
Village Clerk

**AN ORDINANCE APPROVING AN AMENDED AND RESTATED
REDEVELOPMENT AGREEMENT BETWEEN
THE VILLAGE OF ARLINGTON HEIGHTS
AND GBA-SRES, LLC**

BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE
VILLAGE OF ARLINGTON HEIGHTS:

SECTION ONE: That an Amended and Restated Redevelopment Agreement between
the Village of Arlington Heights and GBA-SRES, LLC, developer of the property known as the
Arlington Heights Road/Golf Road Redevelopment Project Area No. 4, located at the northeast
corner of Golf and Arlington Heights Roads, Arlington Heights, Illinois, a true and correct copy of
which is attached hereto, be and the same is hereby approved.

SECTION TWO: The Village President and Village Clerk are hereby authorized and
directed to execute said agreement on behalf of the Village of Arlington Heights.

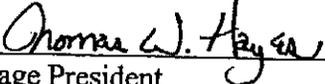
SECTION THREE: This ordinance shall be in full force and effect from and after its
passage and approval in the manner provided by law and the agreement shall be recorded by the
Village Clerk in the Office of the Recorder of Cook County.

AYES: STENGREN, JENSEN, ROSENBERG, FARWELL, BREYER, TOLJANIC, HAYES

NAYS: KUCERA

PASSED AND APPROVED this 19th day of June, 2006

ATTEST:


Village President
PRO TEM


Village Clerk

AGRRES:TIF #4 Amended Agreement

06-031/A06-017

06-031

RECEIVED

STAFF REQUEST FOR BOARD ACTION

JUN 16 2006

VILLAGE BOARD PLANNING & COMMUNITY DEVELOPMENT DEPARTMENT DATE: June 19, 2006

Agenda Section XI. Legal Consent	Department Planning and Community Development
Item #9: Ordinance Approving an Amended and Restated Redevelopment Agreement with Gershman Brown / Strategic Real Estate Services (GBA-SRES, LLC)	Date Due to Village Manager June 15, 2006

BACKGROUND

On December 19, 2005 the Village Board approved a Redevelopment Agreement with GBA-SRES, LLC, developer of TIF #4. In the Agreement, specifically Section 8.17, the Village Attorney is to provide a legal opinion, which includes a provision that there are no pending law suits related to the project, prior to moving forward with implementation of the Agreement. However, since there are pending law suits, implementation has been delayed several months.

In order to move forward with implementation, the Agreement has to be amended as stipulated in Section 3.7 of the Amended and Restated Redevelopment Agreement. This provision would allow implementation, specifically land acquisition, to move forward prior to a legal opinion being issued. However, said legal opinion shall be delivered to the developer prior to conveyance of any properties from the Village to the developer.

Also, the current agreement stipulates in Section 3.1.1 that the developer shall attempt to acquire the properties by negotiated purchase. If the developer is unable to acquire within 90 days of the effective date of the agreement, the developer shall submit an acquisition request to the Village, and the Village will attempt to purchase the property. The Amended Agreement changes the 90 day period to 45 days.

The current agreement stipulates in Section 2.3B that the developer is limited to pay no more than \$100,000 towards certain costs (as defined in said section) unless agreed to by the developer. The amended agreement retains this provision, but adds that the developer is not responsible for any litigation costs related to the pending law suits.

RECOMMENDATION

It is recommended that the Village Board of Trustees adopt an Ordinance approving an Amended and Restated Redevelopment Agreement with Gershman Brown - Strategic Real Estate Services.

Route To:	Bldg	Eng	Fin	Purch	Health	Legal	Prsnl	Plng	Police	PW	Mgr
Approval			DF			RAW		CM			BD
Date			6/15/06			6/15/06		6/14/06			6/14/06

Legal 9
6/19/06

**AMENDED AND RESTATED
REDEVELOPMENT AGREEMENT**

Between the

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

And

GBA-SRES, LLC

Dated as of

June 19, 2006

**ARLINGTON HEIGHTS ROAD/GOLF ROAD
REDEVELOPMENT PROJECT AREA NO. 4.**

A06-017/06-031

A06-017

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EXHIBITS

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*EXHIBIT B-1	Legal Description of Property A
*EXHIBIT B-2	Legal Description of Property B
EXHIBIT B-3	Proposed Acquisition Properties Map
EXHIBIT C	Reimbursable Redevelopment Project Costs
EXHIBIT D	Form of Certificate of Completion
EXHIBIT E	Form of Certificate of Reimbursable Redevelopment Project Costs
EXHIBIT F	Concept Site Plan
EXHIBIT F-1	Target Project
EXHIBIT F-2	Residual Project
EXHIBIT G	TIF Note
EXHIBIT H	Acquisition Request
EXHIBIT I	Form of Legal Opinion
EXHIBIT J	Tenant Relocation Plan
EXHIBIT K	Form of Notice of Election
EXHIBIT L	Form of Due Diligence Notice
EXHIBIT M	Elevation of SuperTarget Store
EXHIBIT N	Signage for SuperTarget Store and Project

*Legal Descriptions not available at the time of execution of this Agreement, shall be attached hereto and incorporated herein when obtained by Developer, such Legal Descriptions to substantially conform to the Parcels depicted in Exhibit F, attached hereto.

**AMENDED AND RESTATED
REDEVELOPMENT AGREEMENT**

THIS AMENDED and RESTATED REDEVELOPMENT AGREEMENT (this "**Agreement**") is made and entered into as of this 14 day of June, 2006, by and between the **VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS**, an Illinois Municipal Corporation duly organized and existing as a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois, and **GBA-SRES, LLC**, a limited liability company, duly organized and existing under the laws of the State of Illinois. (All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in **Article I** of this Agreement.)

RECITALS

A. As a home rule unit of government duly organized under the general laws of the State of Illinois, the Village has the power to regulate for the protection of the public health, safety, morals and welfare of its inhabitants, and pursuant thereto, has the power to encourage private development in order to enhance the local tax base, create employment opportunities and to enter into contractual agreements with private parties in order to achieve these goals.

B. The Village is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended from time to time, to finance projects that eradicate blighted conditions and conservation area factors through the use of tax increment allocation financing for redevelopment projects.

C. The Developer plans to acquire a portion of the property located within the boundaries of the Redevelopment Project Area upon the terms and conditions hereinafter described.

D. To induce redevelopment pursuant to the TIF Act, the Village adopted the following ordinances on the following dates: (1) On July 1, 2002, Ordinance No. 02-049, "Approving a Tax Increment Redevelopment Plan and Redevelopment Project for Approximately 35 Acres of Land at the Northeast corner of Golf Road & Arlington Heights Road;" (2) On July 1, 2002, Ordinance No. 02-050 "Designating Approximately 35 Acres of Land at the Northeast Corner of Golf Road and Arlington Heights Road of Said Village a Redevelopment Project Area Pursuant to the Real Property Tax Increment Allocation Redevelopment Project Act;" and (3) on July 1, 2002, Ordinance No. 02-051 "Adopting Tax Increment Allocation Financing for approximately 35 Acres of Land at the Northeast Corner of Golf Road and Arlington Heights Road."

E. In furtherance of the Redevelopment Plan and the TIF Ordinances, the Village, on December 19, 2005, adopted "An Ordinance Approving the Redevelopment Agreement" between the Village and GBA-SRES, LLC as Developer on February 6, 2006, "An Ordinance providing for the issuance of a not to exceed \$19,000,000 Tax Increment Revenue Note (Arlington Heights Road/Golf Road Redevelopment Project Area Number 4) Series 2006, and on June 19, 2006 Ordinance No. ~~06-031~~ "Approving the Amended and Restated Redevelopment Agreement between the Village and the Developer." A condition to the execution of this Amended and Restated Redevelopment

Agreement by the Developer is the Village's acknowledgement that once adopted, Ordinance No. 06-031 shall remain in full force and effect during the Term of this Agreement and the Corporate Authorities of the Village shall be bound by the terms and conditions of this Agreement to carry out the obligations of the Village hereunder.

F. The Developer intends to construct a commercial project on the Property.

G. The Village intends to acquire fee simple title to the Publicly Acquired Parcels through negotiated settlements or through eminent domain proceedings.

H. Pursuant to a Request for Proposals, dated October 2, 2002, the Village solicited development proposals for the development of a portion of the Redevelopment Area. The Developer was selected by the Corporate Authorities to be the Developer of the Project pursuant thereto. The Corporate Authorities intend to authorize the sale of the Publicly Acquired Parcels to the Developer, upon acquisition by the Village, for redevelopment in accordance with the terms and conditions of this Agreement by ordinance.

I. Pursuant to provisions of the TIF Act, the Village is authorized to enter into this Agreement, to issue its TIF Note to pay certain Redevelopment Project Costs incurred in furtherance of the Redevelopment Plan Project, to acquire the Publicly Acquired Parcels and to pledge the Pledged Revenue to the retirement of the TIF Note.

AGREEMENT

Now, therefor, in consideration of the premises and promises contained herein and other good and valuable consideration, the adequacy and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

As used in this Agreement, the following words and terms shall have the following meanings:

"Acquisition Costs" means:

- (i) those amounts constituting the purchase price of the Publicly Acquired Parcels as set forth in settlement agreements;
- (ii) those amounts determined to be just compensation pursuant to any judgment orders entered in any eminent domain proceedings instituted to acquire the Publicly Acquired Parcels, including interest as established by statute, court order or jury verdict, court costs, and trial expenses;
- (iii) legal fees and fees of expert witnesses, appraisals and related costs and fees incurred by the Village associated with the acquisition of any Publicly Acquired Parcel;

- (iv) any statutory abandonment costs including reasonable attorneys' fees resulting from the abandonment of any eminent domain proceedings filed by the Village to acquire the Publicly Acquired Parcels as permitted under this Agreement;
- (v) court costs associated with the acquisition of the Publicly Acquired Parcels; and
- (vi) any closing costs.

Provided, however, if the Developer shall be obligated to pay any Acquisition Costs in accordance with the terms of this Agreement, the Developer's total obligation for all such Acquisition Costs, including any amounts expended by Developer to acquire any Parcel pursuant to **Section 3.1** of this Agreement, shall not exceed Fifteen Million Dollars (\$15,000,000) in the aggregate for both Property A and Property B, as more fully described in **Section 2.3** below.

"Acquisition Request" means a written request from the Developer to the Village in the form of **Exhibit H** to immediately commence condemnation proceedings to acquire the Publicly Acquired Parcel or Parcels which are the subject of the request.

"Advance(s) For Value" shall have the meaning ascribed to such term in the Note Ordinance and also referred to herein as a **"Developer Advancement."**

"Agreement" means this Amended and Restated Redevelopment Agreement, as the same may be from time to time modified, amended or supplemented in writing by the parties hereto.

"Appraised Value" means the value for each Parcel set forth in the most recent appraisal of each Parcel obtained by the Village as of the date of this Agreement, but which, in the aggregate amount, shall not exceed Fourteen Million Eight Hundred Twenty Thousand Dollars (\$14,820,000) for all of the Property under this Agreement.

"Base Budget" means that portion of Developer's total estimated Project budget, which amounts to Twenty Five Million Three Hundred Eighty Seven Thousand Dollars (\$25,387,000) for land acquisition, relocation, and site costs.

"Bond Counsel" means an attorney at law or a firm of attorneys appointed by the Corporate Authorities of the Village of nationally recognized standing in matters pertaining to obligations issued by municipalities duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

"Certificate of Reimbursable Redevelopment Project Costs" means a document substantially in the form of **Exhibit E**, attached hereto and incorporated herein by reference, provided by the Developer to the Village in accordance with this Agreement and evidencing Reimbursable Redevelopment Project Costs incurred by the Developer.

"Certificate of Completion" means a document substantially in the form of **Exhibit D**, attached hereto and incorporated herein by reference, issued by the Developer to the Village in accordance with this Agreement and evidencing the Developer's substantial satisfaction of all material obligations and covenants to construct the Target Project or the Residual Project, as the case may be, as depicted in the Concept Site Plan.

"Closing Date" means the date upon which, under **Section 3.7, 3.8 and 3.9**, all deliveries have been made and all conditions precedent have been met for the conveyance of Property A and Property B; subject to the provisions of **Section 3.7.2**.

"Concept Site Plan" means, collectively, those documents set forth in **Exhibits F, F-1, and F-2**, as the same may be from time to time modified as provided herein, attached hereto and incorporated herein by reference, depicting the conceptual program for construction of the Project.

"Construction Plans" means plans, drawings, specifications and related documents, and construction schedules for the construction of the Project, together with all supplements, amendments or corrections, submitted by the Developer and approved by the Village in accordance with and as required by this Agreement.

"Corporate Authorities" means the President and the Board of Trustees of the Village.

"Developer" means GBA-SRES, LLC, a limited liability company duly organized and existing under the laws of the State of Illinois and its permitted successors and assigns.

"Developer Advancement" means amounts advanced by the Developer for Reimbursable Project Costs and received by the Village for value as evidenced on a Certificate of Reimbursable Redevelopment Project Costs.

"Due Diligence Activities" shall have the meaning set forth in **Section 3.9.3** below.

"Due Diligence Notice" means a written notice from the Developer to the Village stating whether or not the Developer shall proceed to close on a Publicly Acquired Parcel based on Developer's Due Diligence Activities in the form attached here to as **Exhibit L**.

"Due Diligence Period" means:

- (a) With respect to Property A, the period commencing on the date the Developer receives notice from the Village that the Developer has the right to enter all Parcels comprising Property A for the purpose of conducting Due Diligence Activities and ending sixty (60) days thereafter; plus two (2) consecutive sixty (60) day extension periods as provided in **Section 3.9.3**; and
- (b) With respect to Property B, the period commencing on the date the Developer receives notice from the Village that the Developer has the right to enter all Parcels comprising Property B for the purpose of conducting Due Diligence

Activities and ending sixty (60) days thereafter; plus two (2) consecutive sixty (60) day extension periods as provided in **Section 3.9.3**.

"Effective Date" means the date this Agreement is fully executed.

"Final Report" means the final report prepared by the Village's independent financial consultant confirming that the Pledged Revenue is reasonably estimated to be sufficient to support the TIF Note in the maximum principal amount contemplated by this Agreement as set forth in **Section 6.4** with interest at a rate per annum of six percent (6%).

"Governmental Approvals" means all plat approvals, re-zoning or other zoning changes, site plan and land use approvals, signage approvals as depicted on **Exhibits M and N**, approvals of the architectural elevations for the SuperTarget store as depicted on **Exhibit M**, conditional use permits, variances, building permits, or other subdivision, zoning, or similar approvals required for the implementation of the contemplated Project related to the Redevelopment Area and consistent with the Redevelopment Plan and Project, the Concept Site Plan and this Agreement.

"Litigation" means Capital Fitness Arlington Heights d/b/a Power House Gym v. the Village of Arlington Heights filed in the Circuit Court of Cook County, Chancery Division, as Case No.02CH13488 and Arlin Golf LLC v. Village of Arlington Heights filed in the Circuit Court of Cook County, Chancery Division, as Case No.06CH07831.

"Maturity Date" means the date set forth in the Note Ordinance.

"Note Ordinance" means the Ordinance adopted by the Corporate Authorities on February 6, 2006 authorizing the issuance of a not to exceed maximum principal amount of Nineteen Million Dollars (\$19,000,000) Tax Increment Revenue Note, (Redevelopment Project Area Number 4) Series 2006, in accordance with the terms of this Agreement.

"Note Registrar" shall have the meaning set forth in the Note Ordinance.

"Notice of Election" means a written notice from the Developer to the Village stating whether or not the Developer shall proceed to close on a Publicly Acquired Parcel where the purchase price for the Parcel is in excess of the Appraised Value in the form attached here to as **Exhibit K**.

"Operation and Easement Agreement" means an agreement acceptable to and prepared by Target setting forth the permitted uses, easements, and other restrictions related to operations on the Property.

"Parcel" means any one of the parcels of land (including interests therein) comprising the Property.

"Parcel 15" means that parcel so designated on **Exhibit B-3** hereto and located north of Council Trail Road, east of Arlington Heights Road and located in the Redevelopment Area.

"Parcel 15 Obligation" means the agreement of the Village to reimburse the owner of Parcel 15 for certain development costs of Parcel 15 as required under any settlement agreement between the Village and the Parcel 15 owner to be paid from the Parcel 15 Pledged Revenue deposited into the Special Tax Allocation Fund.

"Parcel 15 Pledged Revenue" means 100% of the ad valorem taxes, if any, arising from the levies upon Parcel 15 in the Redevelopment Area by taxing districts, which taxes are attributable to the increase, if any, in the current equalized assessed valuation of each taxable lot, block, tract, or parcel of Parcel 15 located within the Redevelopment Area over and above the initial equalized assessed value of the property in the Redevelopment Area, as determined by the County Clerk of The County of Cook, Illinois, under the TIF Act, less the Parcel 15 Obligation.

"Pledged Revenue" means the TIF Revenues, the Sales Tax Revenue, and the Parcel 15 Pledged Revenue as provided in the Note Ordinance.

"Project" means the Target Project and, to the extent completed, the Residual Project, including all other work necessary to prepare the Property and to construct or cause the construction of the contemplated Project as described in the Concept Site Plan, and in this Agreement.

"Project Costs" means all costs actually incurred in acquiring the Property and constructing the Project and any such costs incidental thereto subject to the limitations set forth in this Agreement.

"Property" means Property A and Property B (including without limitation all options held by third parties, fee interests, leasehold interests, tenant-in-common interests and such other like or similar interests) as legally described on **Exhibit B**, attached hereto and, by this reference incorporated herein, and existing improvements on the Property.

"Property A" means the parcels designated as Parcels 1, 5, 6, 7, 8, and 9 on the Proposed Acquisition Properties map in the Redevelopment Plan attached hereto as **Exhibit B-3** and legally described on **Exhibit B-1** unless otherwise mutually agreed by the parties.

"Property B" means the parcels within the Redevelopment Area designated as Parcels 2, 3, and 4 on the Proposed Acquisition Properties map in the Redevelopment Plan attached hereto as **Exhibit B-3** and legally described on **Exhibit B-2**.

"Publicly Acquired Parcels" means the Parcels constituting Property A and those Parcels constituting Property B for which an Acquisition Request shall be submitted to the Village by the Developer.

"Purchase Option" means the option of the Village to purchase the Property A and Property B Parcels acquired by the Developer under this Agreement as more particularly described in **Section 8.3** hereof.

"Redevelopment Area" means the area described in **Exhibit A**, attached hereto and incorporated herein by reference.

"Redevelopment Plan and Project" means the plan titled "Village of Arlington Heights Arlington Heights Road/Golf Road Redevelopment Plan and Project No.4," as approved by the Corporate Authorities on July 1, 2002 pursuant to Ordinance No. 02-049, as such plan may from time to time be amended in accordance with the TIF Act.

"Redevelopment Project" means the redevelopment project contemplated by the Redevelopment Plan.

"Redevelopment Project Costs" means redevelopment project costs as defined in the TIF Act.

"Reimbursable Redevelopment Project Costs" means those Redevelopment Project Costs, as permitted under the TIF Act, as approved in the Redevelopment Plan and Project, and as described in **Exhibit C**, attached hereto and incorporated herein by reference, for which the Developer is eligible for reimbursement or payment in accordance with this Agreement and the TIF Act.

"Residual Project" means the development of Developer Tracts A, B, C, and D depicted on **Exhibit F-2**: Developer Tract B being located on Property B and Developer Tracts A, C, and D, being located on Property A.

"Residual Project Parcels" means Developer Tracts A, B, C, and D as depicted on **Exhibit F-2**.

"Sales Tax Revenue" means fifty percent (50 %) of (i) the total revenue from taxes which are paid to the Village from the Local Government Tax Fund, as created by an Act of the Illinois General Assembly, 35 ILCS 120/3, as amended, on sales by retailers and servicemen operating on the Property; (ii) all revenues from any taxes which are paid to the Village from the Local Government Tax Fund on sales by retailers and servicemen operating on the Property which are intended to replace the current payments to the Village from the Local Government Tax Fund, as enacted by law or ordinance of the Village and of any governmental authority during the Term of this Agreement, and (iii) the existing three quarters of one percent (.75%) home rule Municipal Retailers' Occupation Tax pursuant to 6 ILCS 5/8-11-1 and home rule Municipal Service Occupation Tax, pursuant to 6 ILCS 5/8-11-5 on sales by retailers and servicemen operating on the Property, and any home rule sales tax intended to replace the same, as enacted by law or ordinance of the Village or any governmental authority during the Term of this Agreement.

"Sales Tax Fund" means the Target Sales Tax Fund to be created by the Village and such sub-accounts as may be required under the Note Ordinance in connection with this Agreement and into which, promptly upon receipt, the Village shall deposit the Sales Tax Revenue for the benefit of the Developer in accordance with the Note Ordinance.

"Special Tax Allocation Fund" means the Village of Arlington Heights, Cook County, Illinois, Special Tax Allocation Fund for Redevelopment Project Area No. 4, created by ordinance of the Corporate Authorities in accordance with the TIF Act into

which the TIF Revenue and the Parcel 15 Pledged Revenue, are from time to time, deposited in accordance with the TIF Act, the Note Ordinance and this Agreement

"Target" means Target Corporation, a corporation formed under the laws of the State of Minnesota.

"Target Project" means the construction of an approximately 174,000 square foot SuperTarget store, or Target's then prototypical store not to exceed 175,000 square feet, on Property A, including related improvements to Golf Terrace, and 13,000 square feet of adjacent in-line retail space all as depicted on **Exhibit F-1**.

"Tenant Relocation Plan" means Developer's plan to relocate tenants operating businesses on the Property in the form attached hereto as **Exhibit J**.

"Term" means the period commencing on the Effective Date and terminating on the first to occur of (i) the date when the TIF Note is fully paid; and (ii) the proper termination of this Agreement in accordance with **Article 8**.

"TIF Act" means the Tax Increment Allocation Redevelopment Act, Sections 74.4-1 through 74.4-11 of the Illinois Compiled Statutes, as amended.

"TIF Note" means the not to exceed maximum principal amount of Nineteen Million Dollars (\$19,000,000) Tax Increment Revenue Note (Redevelopment Project Area Number 4), Series 2006, to be issued by the Village to pay Reimbursable Redevelopment Project Costs incurred by the Developer on behalf of the Village in accordance with the TIF Act, the Redevelopment Plan and Project, the Note Ordinance, and this Agreement in substantially the form attached hereto as **Exhibit G**.

"TIF Ordinances" means the following ordinances adopted by the Corporate Authorities: (1) Ordinance No. 02-049 "Approving a Tax Increment Redevelopment Plan and Redevelopment Project for Approximately 35 Acres of Land at the Northeast corner of Golf Road & Arlington Heights Road" on July 1, 2002; (2) Ordinance No. 02-050 "Designating approximately 35 acres of land at the Northeast Corner of Golf Road and Arlington Heights Road of Said Village a Redevelopment Project Area Pursuant to the Real Property Tax Increment Allocation Redevelopment Project Act" on July 1, 2002; (3) Ordinance No. 02-051 "Adopting Tax Increment Allocation Financing for approximately 35 acres of Land at the Northeast Corner of Golf Road and Arlington Heights Road" on July 1, 2002; (4) Ordinance No. 05-103/A05-046 "Approving the Execution of the Redevelopment Agreement between the Village and GBA-SRES, LLC, as Developer" on December 19, 2005; (5) Ordinance No. 06-005 "Approving the issuance of a not to exceed principal amount of Nineteen Million Dollars (\$19,000,000) Village of Arlington Heights, Cook County, Illinois, Tax Increment Revenue Note (Redevelopment Project Area Number 4) Series 2006" on February 6, 2006; and (6) Ordinance No. 06-031 "Approving the Execution of the Amended and Restated Redevelopment Agreement between the Village and GBA-SRES, LLC, as Developer on June 19, 2006.

"TIF Revenues" means 100% of the ad valorem taxes, if any, arising from the levies upon the Property in the Redevelopment Area by taxing districts, which taxes are attributable to the increase in the current equalized assessed valuation of each

taxable lot, block, tract, or parcel of the Property located within the Redevelopment Area over and above the initial equalized assessed value of the property in the Redevelopment Area, as determined by the County Clerk of The County of Cook, Illinois, under the TIF Act.

"Village" means the Village of Arlington Heights, Cook County, Illinois, an Illinois municipal corporation and a home rule unit of government duly organized and existing under the general laws of the State of Illinois.

"Village Attorney" means the attorney or firm of attorneys appointed by the corporate authorities of the Village of recognized standing in matters of municipal law duly admitted to the practice of law before the highest court of the State of Illinois.

ARTICLE II DESIGNATION OF DEVELOPER/ADVANCEMENT OF PROJECT COSTS/ACQUISITION COSTS

2.1 Developer Designation. The Village has designated the Developer to construct or cause the construction of the Project in accordance with the Concept Site Plan, the Redevelopment Plan and Project, this Agreement and all Governmental Approvals. The Developer hereby accepts such designation and agrees to cause the completion of the Project in accordance with the terms and conditions hereof. To the extent of any inconsistency among the foregoing, the parties agree that the Concept Site Plan shall govern so long as performance in accordance therewith does not constitute a change to the Redevelopment Plan and Project or the contemplated Redevelopment Project as would require further hearing pursuant to the TIF Act or a violation of Governmental Approvals.

2.2 Advancement of Costs. Subject to the terms and conditions of this Agreement and conditioned upon the Village's issuance of the TIF Note and the legal opinions described in **Section 8.17** below, the Developer agrees to advance all Project Costs necessary to complete the Project, subject to the limitations set forth in **Section 2.3** below. Provided, however, the Developer shall, in no instance, be required to advance any Acquisition Cost which, under the terms of this Agreement, is to be paid by the Village.

2.3 Limitations on Acquisition Costs. If the Developer is obligated to pay Acquisition Costs or costs under **Section 3.1** hereof in accordance with the terms of this Agreement, the Developer's total obligation for such costs shall not exceed Fifteen Million Dollars (\$15,000,000) in the aggregate as set forth below for each category of expense:

A. A maximum of Fourteen Million Eight Hundred Twenty Thousand Dollars (\$14,820,000) for amounts expended by Developer, including amounts expended under **Section 3.1**, to acquire Property A and Property B, as reasonably allocated between the Parcels comprising the Property, if not all Parcels are acquired, and for:

- (i) those amounts constituting the purchase price of the Publicly Acquired Parcels as set forth in settlement agreements, and
- (ii) amounts determined to be just compensation pursuant to any judgment orders entered in any eminent domain proceedings to acquire the Publicly Acquired Parcels, including interest as established by statute, court order or jury

B. A maximum of One Hundred Thousand Dollars (\$100,000) for:

- (iii) legal fees and fees of expert witnesses, appraisals and related costs and fees incurred by the Village associated with the acquisition or attempt to acquire any Publicly Acquired Parcel,
- (iv) statutory abandonment costs including reasonable attorneys' fees resulting from the abandonment of any eminent domain proceedings filed by the Village to acquire the Publicly Acquired Parcels,
- (v) court costs associated with the acquisition or attempt to acquire the Publicly Acquired Parcels; and

C. A maximum of Eighty Thousand Dollars (\$80,000) for (vi) closing costs.

Notwithstanding anything to the contrary contained herein, (i) in no event shall the Developer be obligated to pay any Acquisition Costs related, directly or indirectly, to the Litigation, and (ii) the Developer may elect to incur expenses for those Acquisition Costs enumerated in **Section 2.3.B.** above in excess of its \$100,000 maximum aggregate expenditure in accordance with the provisions of **Section 3.12** below.

ARTICLE III ACQUISITION OF THE PROPERTY

3.1 Acquisition by Developer - Negotiated Purchase.

3.1.1 Developer's Acquisition by Negotiated Purchase. Within thirty (30) days after the Effective Date, the Developer shall commence efforts to acquire the Property by negotiated purchase. If, within forty-five (45) days after the Effective Date, the Developer's offers have not been accepted, then, within such forty-five (45) day period, but no later than ten (10) days after the expiration of said forty-five (45) day period, the Developer shall deliver to the Village one or more Acquisition Requests.

3.1.2 Acquisition Request. Each Acquisition Request shall identify the specific Property A Parcel or Property B Parcel for which the Developer does not have a binding commitment to sell from the respective Parcel owner, and such Parcel shall be a Parcel which the Village shall attempt to acquire by condemnation or otherwise. Accompanying each Acquisition Request shall be documentation of Developer's good faith efforts to acquire the Parcels identified in such Request.

3.1.3 Documentation of Developer's Efforts. The Village shall have the right to inspect any documentation relating to the Developer's efforts to

acquire the Parcel or Parcels identified in each Acquisition Request and to make reasonable requests for further documentation from the Developer.

3.2 Acquisition by Village - Eminent Domain.

3.2.1 Institution of Proceedings. Within thirty (30) days from the date of the Acquisition Request, the Village shall take steps to acquire the Parcel or Parcels and, if necessary, adopt an ordinance to initiate eminent domain proceedings as required under Illinois law to acquire the Parcel or Parcels identified in each Acquisition Request. The Village agrees that it shall diligently and expeditiously commence and prosecute such eminent domain proceedings in good faith recognizing that time is of the essence.

3.2.2 Due Diligence. Simultaneously with the filing of the eminent domain proceedings, the Village shall petition the court for the right of the Village, or it designees, to enter the Parcels for the purpose of conducting Due Diligence Activities, as defined in **Section 3.9.3**, during the Due Diligence Period. The Village shall provide to Developer such information as is necessary to keep the Developer informed of the status of the proceedings. Prior to the expiration of the Due Diligence Period, the Developer shall deliver to the Village a Due Diligence Notice for each Parcel which is the subject of eminent domain proceedings indicating whether or not the Developer desires that the Village proceed to acquire the Parcel.

3.2.3 Acquisition by Eminent Domain - Award. In the case of an acquisition by eminent domain, the Village shall give written notice to the Developer of the entry of a judgment order within five (5) days after entry thereof. The notice shall contain the amount of the award ordered by the court to be paid to the owner or owners of the Parcel. If the amount of the award is equal to or less than the Appraised Value and the Developer has not previously delivered a Due Diligence Notice electing not to proceed, then, subject to and in accordance with the provisions of **Sections 3.7, 3.9 and 3.5.2**, the Developer shall deposit the funds to acquire all Parcels comprising the Property from the Village on the Closing Date. If the amount of the award is in excess of the Appraised Value, then within twenty (20) days from receipt of the Village's notice, the Village and the Developer shall negotiate in good faith as to whether or not the Developer shall proceed with the acquisition of the Parcel. Within five (5) days thereafter, Developer shall provide the Village with a Notice of Election notifying the Village of the Developer's agreement to proceed with the acquisition or directing the Village to abandon the acquisition of the Parcel identified in the Village's notice. If Developer elects not to proceed with the acquisition of any Parcel comprising Property A as stated above, this Agreement shall, unless otherwise agreed, automatically terminate and be of no further force or effect except for the obligations of the parties with regard to the payment of those Acquisition Costs described in subsection (iii)(legal fees and other fees and costs), subsection (iv)(statutory abandonment costs) and subsection (v)(court costs), if any, subject to the limitation on Developer's liability therefor as stated in **Section 2.3** hereof. If Developer elects not to proceed with the acquisition of any Parcel comprising Property B as stated above, the Developer shall have no further obligation with regard to the

acquisition of Property B, unless otherwise agreed, except for the obligation to pay the Acquisition Costs enumerated above in accordance with the terms stated below.

Upon Developer's election not to proceed with the acquisition of Property A or Property B under this **Section 3.2.3**, the Village and the Developer shall share equally in the payment of any fees and costs incurred and described in subsections (iii) and statutory abandonment costs and court costs, if any, described in subsections (iv) and (v) of the definition of Acquisition Costs in this Agreement, subject to the limitation on Developer's liability therefor as stated in **Section 2.3** hereof. The Village shall be solely responsible for the payment of the balance of such fees in accordance with the provisions of **Section 3.12**. Developer shall be responsible for the cost of any survey, environmental, or other tests ordered by Developer and for the fees of professionals retained by Developer. If the Village elects to proceed with the acquisition of any Property A or Property B Parcel under this **Section 3.2.3** after Developer has elected not to proceed therewith, the Village shall be solely responsible for the payment of all fees and costs incurred.

3.3 Acquisition by Settlement Agreement.

3.3.1 Notice of Election. In the case of an acquisition by settlement agreement between the Village and the owner of any Parcel, prior to entering into any settlement agreement for any Publicly Acquired Parcel, the Village shall provide Developer with such information as is necessary to keep the Developer informed of the status of the negotiations. The Village shall deliver to the Developer a copy of the final form of the settlement agreement. If the settlement amount stated in the settlement agreement, is equal to or less than the Appraised Value for the Parcel, within five (5) days after receipt thereof, the Developer shall, subject to and in accordance with the provisions of **Section 3.9**, notify the Village that it desires that the Village proceed to acquire title to such Parcel in accordance with the terms and conditions of this Agreement subject to Developer's right to elect not to proceed based on its Due Diligence findings and, in accordance with **Section 3.5.2**, deposit the funds to acquire the Parcel from the Village. If the settlement amount stated in such settlement agreement is greater than the Appraised Value, then within thirty (30) days from receipt of the final form of the settlement agreement from the Village, the Village and the Developer shall, negotiate in good faith as to whether or not the Developer shall proceed with the acquisition of the Parcel, subject to Developer's delivery of a Due Diligence Notice. Within five (5) days after the parties have negotiated whether or not the Developer shall acquire the Parcel, the Developer shall provide the Village with a Notice of Election notifying the Village of Developer's agreement whether to proceed with the acquisition or whether the Village shall abandon the acquisition of the Parcel identified in the Settlement Agreement. If Developer elects not to proceed with the acquisition of any Property A Parcel as stated above, the Village and the Developer shall share equally in the payment of the legal fees and other fees and costs described in subsection (iii) and court costs described in subsection (v) of the definition of Acquisition Costs in this Agreement, if any, subject to the limitations on Developer's liability stated in **Section 2.3** hereof and, unless otherwise agreed,

this Agreement shall automatically terminate and be of no further force or effect. The Village shall be solely responsible for the payment of the balance of any and all Acquisition Costs, or other fees, costs, and expenses incurred. If Developer elects not to proceed with the acquisition of any Property B Parcel as stated above, the Developer's obligation with regard to the acquisition of Property B shall, unless otherwise agreed, cease and be of no further force or effect. Upon any such election by the Developer not to proceed with the acquisition of any Property B Parcel, the Village and the Developer shall share equally in the payment of the legal fees and other costs and fees described in subsection (iii) and court costs described in subsection (v) of the definition of Acquisition Costs in this Agreement, if any, subject to Developer's limitations stated in **Section 2.3** hereof. The Village shall be solely responsible for the payment of the balance of any and all legal fees and other fees and costs described in subsection (iii) and statutory abandonment and court costs, if any, described in subsections (iv) and (v) of the definition of Acquisition Costs in this Agreement and all other costs and expenses incurred in accordance with **Section 3.12**. Developer shall be responsible for the cost of any survey, environmental, or other tests ordered by Developer and for the fees of professionals retained by Developer.

3.3.2 Due Diligence Notice. The Developer shall timely conduct its Due Diligence Activities during the Due Diligence Period. Prior to the expiration of the Due Diligence Period, the Developer shall provide the Village with its Due Diligence Notice indicating whether or not the Developer desires that the Village proceed to acquire title to any Parcel subject to the provisions of **Section 3.9**, and in accordance with **Section 3.5** hereof.

3.4 Security for Developer's Closing Obligations. At any time after the Effective Date, upon the written request of the Village, the Developer shall cause Target to provide to the Village evidence, reasonably satisfactory to the Village, that Target's Capital Expenditure Committee has committed funds sufficient to support the Village's obligations to acquire all of the Publicly Acquired Parcels comprising the Property which are the subject of negotiated purchase agreements, eminent domain proceedings or negotiated settlements in accordance with the terms and conditions of this Agreement but not to exceed the maximum amount stated in **Section 3.5.2**. In no event shall the Developer or Target be required to provide evidence of a commitment of funds in excess of the maximum amount stated in **Section 3.5.2** in the aggregate for all of the Parcels comprising the Property.

3.5 Publicly Acquired Parcels – Agreement to Convey, Deposit of Acquisition Costs / Maximum Amount.

3.5.1 Agreement to Convey. Subject to all of the terms, covenants, and conditions of this Agreement, upon the Village's acquisition of legal title, and after any applicable appeal period, the Village shall, on the Closing Date, convey to the Developer and the Developer agrees to accept, title to the Publicly Acquired Parcels on the terms and conditions provided for in this Agreement.

3.5.2 Deposit of Acquisition Costs/ Maximum Amount. Subject to the limitations and conditions of **Sections 3.4, 3.7 and 3.9** hereof, within

thirty (30) days prior to the Closing Date, the Village shall provide the Developer with a written itemized statement of the Acquisition Costs accompanied by reasonable supporting documentation for each of the Publicly Acquired Parcels acquired by the Village and, on the Closing Date, the Developer shall deposit with the escrow agent or the court, subject to the limitations set forth in **Section 2.3** hereof, those fees and costs enumerated in subsections (i) or (ii), as the case may be, and subsections (iii), (v) and (vi) of the definition of Acquisition Costs related to such Parcels, excluding subsection (iv) (statutory abandonment costs). Provided, however, notwithstanding anything to the contrary contained in this Agreement, the maximum total amount the Developer shall be obligated to pay or deposit under all provisions of this Agreement for all costs, expenses, fees or other expenditures of any nature whatsoever shall be Fifteen Million Dollars (\$15,000,000) unless otherwise agreed to in writing. The Village shall settle such proceedings or pay the amount of any condemnation award from funds deposited by Developer on the Closing Date. All amounts paid by Seller in any negotiated purchase under **Section 3.1** shall be included in the calculation of the amounts set forth in **Section 2.3** above, and shall also be certified by the Village and recorded by the Note Registrar on the TIF Note as "Advances For Value" upon Developer's payment thereof in accordance with **Section 3.9.6**, but subject to **Section 6.4.3**.

3.6 Payment for Parcels Acquired by Negotiated Purchase. Subject to the terms and conditions of **Sections 2.3, 3.4, 3.5, 3.7, and 3.9**, on the Closing Date, the Developer shall pay the purchase price to the seller and accept title to the Parcel in any negotiated purchase.

3.7 Closing Date.

3.7.1 Closing Deliveries, Satisfaction of Conditions. Subject to the terms and conditions of this Agreement, the conveyance of the Property A Parcels and the Property B Parcels shall occur on the delivery or satisfaction of the following:

(a) the Developer shall have delivered a Due Diligence Notice for each Parcel indicating its acceptance of the condition of each Parcel to be acquired in accordance with **Section 3.2.2, and 3.3.2;**

(b) it has been ascertained that the purchase price of the Property shall not exceed the Appraised Value for all Parcels in accordance with **Sections 3.9.1 and 3.9.2;**

(c) the Village has entered into binding agreements to sell with all of the owners of each of the Property A Parcels and the Property B Parcels for which it has received an Acquisition Request from the Developer, or has obtained a judgment order relating thereto, unless the Developer otherwise agrees in writing in accordance with **Sections 3.9.1 and 3.9.2;**

(d) the Governmental Approvals and signage approvals set forth in **Section 3.9.5** have been obtained;

(e) the Final Report has been delivered to the Developer under **Section 3.9.7**;

(f) the amount of the Acquisition Costs and any other funds deposited by the Developer with the court or in any closing escrow on the Closing Date has been noted on the TIF Note as "Advances For Value" in accordance with **Section 6.3**, subject to **Section 6.4.3**;

(g) the TIF Note has been delivered by the Village to the Developer in accordance with **Section 6.2**;

(h) the legal opinions referred to **Section 8.17** have been delivered to the Developer;

(i) the Acquisition Costs have been deposited by the Developer in accordance with **Section 3.5.2** and applied in accordance with the terms of this Agreement;

(j) the provisions of **Section 3.8** regarding the terms for conveyance of the Property to the Developer, including, but not limited to, the delivery of warranty deeds, the status of title, the issuance of an ALTA title insurance policy with extended coverage over the standard exceptions have been met; and

(k) all legal interests of all prior owners, tenants or other occupiers of any Parcel to be acquired by Developer have terminated and all legal rights to occupy the Parcels have expired in accordance with the terms of **Section 3.7, 3.8, and 3.9.**,

such date being the "Closing Date."

3.7.2 Partial Satisfaction. To the extent that all of the requirements of **Section 3.7.1** have been met for the conveyance of all of Property A but not as to all of Property B, then the Village shall convey Property A to the Developer on the Closing Date and shall convey Property B to the Developer at such time as all of the requirements of **Section 3.7, 3.8 and 3.9** have been met as to Property B. In such event, times for performance related to Property B, which would otherwise be measured from the "Closing Date", shall be measured from the date of acquisition of Property B: such date being the "Closing Date" as to Property B.

3.8 Conveyance of Parcels. The Village shall, on the Closing Date, at a time and place designated by the Developer, convey or cause to be conveyed to the Developer by Special Warranty Deed all right, title and interest in and to the Property A Parcels and the Property B Parcels that the Village has acquired in accordance with the terms of this Agreement. It is the intention of the parties that the conveyance of the Parcels, in accordance with the terms and conditions of this Agreement, from the respective Parcel owners to the Village, and then to the Developer shall occur

simultaneously unless otherwise mutually agreed. The conveyance of and title to each of the Parcels to be acquired by the Developer, whether acquired by negotiated purchase or otherwise, shall, in addition to the other provisions of this Agreement, be subject only to: taxes which are not yet due and owing; encroachments, covenants and restrictions of record and not shown of record which will not affect the Developer's intended use or marketability of the Parcels, at the Developer's reasonable discretion; such defects which cannot reasonably be cured but will not affect the Developer's intended use or marketability of the Parcels, at the Developer's discretion; and the Redevelopment Plan. The Developer shall only be required to take title to a Parcel if (ii) all leasehold and occupancy interests related to all Property A Parcels to be acquired or Property B Parcels to be acquired have been terminated prior to the Closing Date, it being the intent of the parties that all legal interests of all prior owners, tenants or other occupiers of any Parcel have terminated and that all legal rights to occupy the Parcels have expired (ii) all periods of appeal related to any eminent domain proceeding have expired, (iii) the Developer shall be able to obtain extended coverage over the standard exceptions in an ALTA title insurance policy at commercially reasonable rates, and (iv) all of the terms and conditions of this **Section 3.8** are met.

3.9 Limitations on Developer's Obligations to Acquire Property/Execution of Agreement and Failure of Conditions Precedent.

3.9.1 Property A. The Developer shall not be required to take title to any portion of Property A unless, when taken together, the Developer and the Village have entered into binding agreements to sell with all of the owners of each of the Property A Parcels or have obtained a judgment order relating thereto, unless the Developer otherwise agrees in writing. Furthermore, Developer shall have no obligation to deposit any amounts for the purchase of any Parcel hereunder unless (i) it has been ascertained that the purchase price of the Property will not exceed the Appraised Value for all Parcels, and (ii) all respective periods of appeal have expired.

3.9.2 Property B. The Developer shall not be required to take title to any portion of Property B unless, (i) the conditions in **Section 3.9.1** have been met and (ii) when taken together, the Developer and the Village have entered into binding agreements to sell with all of the owners of each of the Parcels comprising Property B or have obtained a judgment order relating thereto, unless the Developer otherwise agrees in writing. Furthermore, Developer shall have no obligation to deposit any amounts for the purchase of any Parcel hereunder unless (i) it has been ascertained that the purchase price of the Property will not exceed the Appraised Value for all Parcels, and (ii) all respective periods of appeal have expired.

3.9.3 Due Diligence Activities. During the Due Diligence Period, the Developer, its agents, representatives and employees shall be entitled to access all Parcels comprising Property A or Property B, as the case may be, perform soil and engineering tests, conduct environmental tests, inspect each constituent Parcel, including but not limited to title matters, and all records and books of each such Parcel owner with respect to the Parcel for such purposes as the Developer may require (the "**Due Diligence Activities**"). The Developer shall have the right to request that the initial Due Diligence Period be

extended for two additional sixty (60) day periods for the purpose of environmental and engineering Due Diligence Activities. Such extension requests are to be made by the Developer no later than five days prior to the expiration of the then expiring Period for the Property A or the Property B Parcels. The Village shall provide that any settlement agreement, court order or other agreement relating to the acquisition of a Publicly Acquired Parcel shall contain the provisions for Due Diligence Activities during the Due Diligence Period as provided for in this Agreement.

3.9.4 Due Diligence Approval. It is a condition precedent to Developer's obligation to acquire the Property A and B Parcels that Developer approve or disapprove the condition of each Parcel after conducting its Due Diligence Activities on all constituent Parcels. If, in the Developer's reasonable discretion, the Developer is not satisfied with the environmental, title, soil or other condition of any Parcel which interferes with Developer's intended use or the marketability of the respective Parcel, or any part thereof, or any condition, factor or change which causes a material variation from Target's approved budget, including any change to the architectural elevations depicted on **Exhibit M** which cause an increase of Two Hundred Fifty Thousand Dollars (\$250,000) or more, the Developer shall have the right to terminate the respective purchase agreement, settlement agreement or eminent domain proceedings by providing to the Village a Due Diligence Notice in the form attached hereto as **Exhibit L** on or before the expiration of the Due Diligence Period. If the Developer elects not to acquire any Property A Parcel, in the Developer's discretion, based on the findings of Due Diligence Activities, such election shall not constitute a default under this Agreement but the obligations of the Developer under this Agreement shall, unless otherwise agreed, cease except for Developer's obligation to share equally with the Village in the payment of those Acquisition Costs enumerated in subsections (iii) and (v) of the definition thereof related to any Publicly Acquired Parcel Property A Parcels which Developer elects not to acquire based on its Due Diligence Activities, subject to the limitations on Developer's liability therefor stated in **Section 2.3**. The Village shall be solely responsible for the payment of the balance of any and all legal fees and other fees and costs described in subsection (iii) and statutory abandonment and court costs, if any, described in subsections (iv) and (v) of the definition of Acquisition Costs in this Agreement and all other costs and expenses incurred in accordance with the provisions of **Section 3.12**. Developer shall be responsible for the cost of any survey, environmental, or other tests ordered by Developer and for Developer's professional fees.

If the Developer elects not to acquire any Property B Parcel, in the Developer's discretion, based on the findings of Due Diligence Activities, such election shall not constitute a default under this Agreement but, unless otherwise agreed, the obligations of the parties hereto shall cease as to all of the Property B Parcels but not as to the Property A Parcels, and the obligations of the Developer shall cease and are of no further force or effect as to Property B and that portion of the Residual Project located on Property B. The Village and the Developer shall share equally in the payment of those Acquisition Costs enumerated in subsections (iii) and (v) of the definition thereof related to any Publicly Acquired Parcel Property B Parcels which Developer elects not to acquire based on its

Due Diligence Activities, subject to the limitations on Developer's liability therefor stated in **Section 2.3**. The Village shall be solely responsible for the payment of the balance of any and all legal fees and the other fees and costs described in subsections (iii) and statutory abandonment and court costs, if any, described in subsections (iv) and (v) of the definition of Acquisition Costs in this Agreement and all other costs and expenses incurred in accordance with the provisions of **Section 3.12**. Developer shall be responsible for the cost of any survey, environmental, or other tests ordered by Developer and for Developer's professional fees.

3.9.5 Governmental Approvals and Signage. It is a condition precedent to Developer's obligation to acquire any Parcel that the following approvals be obtained:

- (i) all land use approvals for the uses set forth in the Concept Site Plan;
- (ii) all building signage approvals and variances for the signage for the SuperTarget store as depicted on **Exhibit N** hereto;
- (iii) all approvals for the Project signage, including two (2) monument sign structures, each not less than twenty-five (25) feet in height and each providing one hundred fifty (150) square feet of area for three (3) panel signs for tenant use; and
- (iv) all other Governmental Approvals, except building permits, have been obtained from the Village, as submitted by the Developer. Within one hundred twenty (120) days after the Effective Date, the Developer and the Village shall file petitions for such land use and other approvals for the Property consistent with the Concept Site Plan and **Exhibit M** and **Exhibit N**.

3.9.6 Notation of Advances For Value. It is a condition precedent to the Developer's obligation to acquire any Parcel that, the Village shall have (i) certified to the Note Registrar that the amount of the Acquisition Costs and any other funds deposited by the Developer with the court or in any closing escrow on the Closing Date have been noted on the TIF Note as "Advances For Value," subject to the provisions of **Section 6.4.3**, and (ii) delivered verification thereof to the Developer no later than the Closing Date.

3.9.7 Receipt of Financial Report. It is a condition precedent to Developer's obligation to acquire any Parcel under this Agreement that the Developer shall have received the Final Report prepared by the Village's independent financial advisor.

3.9.8 TIF Note and Legal Opinions. It is a condition precedent to Developer's obligation to acquire any Parcel that the Village shall have delivered the TIF Note and the legal opinions described in **Section 8.17** below.

3.9.9 Failure of Condition Precedent. If there is a failure of any condition precedent contained in any subsection of this **Section 3.9**, which

failure is not otherwise addressed in this Agreement, the Developer may elect to terminate this Agreement. Upon such termination, the Developer and the Village shall share equally in those Acquisition Costs enumerated in subsections (iii) (legal fees and other fees and costs), and (v) (court costs) of the definition thereof, subject to the limitation on Developer's liability therefor stated in **Section 2.3.B**. The Village shall be solely responsible for the payment of the balance of any and all legal fees described in subsections (iii) and statutory abandonment and court costs, if any, described in subsections (iv) and (v) of the definition of Acquisition Costs in this Agreement and all other costs and expenses incurred in accordance with the provisions of **Section 3.12**. Developer shall be responsible for the cost of any survey, environmental, or other tests ordered by Developer and for Developer's professional fees.

3.10 Period for Acquisition - Resolution Following Termination of Agreement. Notwithstanding anything to the contrary contained herein, unless otherwise mutually agreed by the parties, if within three years after the Effective Date, title to all of the Parcels constituting Property A has not been acquired by the Developer in accordance with the terms and conditions of this Agreement, then the Developer's obligations under this Agreement shall terminate and this Agreement shall be null and void and the parties shall have no further obligation to each other, except as provided below. Upon termination of this Agreement, as stated above, the Village may, cease all negotiations with any Parcel Owner and abandon any eminent domain proceedings it has commenced under this Agreement pursuant to any Acquisition Request. Upon such failure to acquire the Property A Parcels, the Village and the Developer shall share equally in the payment of the legal fees and other fees and costs described in subsection (iii) and the statutory abandonment costs and court costs described in subsections (iv) and (v) of the definition of Acquisition Costs related to the Village's efforts to acquire the Property A Parcels, subject to the limitations on the Developer's liability therefor stated in **Section 2.3**. The Village shall be solely responsible for the payment of the balance of any and all legal fees and other fees and costs described in subsection (iii) and statutory abandonment and court costs, if any, described in subsections (iv) and (v) of the definition of Acquisition Costs in this Agreement and all other costs and expenses incurred in attempting to acquire Property A in accordance with the provisions of **Section 3.12**. Developer shall be responsible for the cost of any survey, environmental, or other tests ordered by Developer and for the fees of professionals retained by Developer.

If the Village elects to continue any eminent domain proceedings or negotiations for the Parcels after such three year period after the Effective Date, such acquisition efforts shall be at the Village's sole expense, including any liability for any condemnation award, settlement amount, purchase price, and all other costs and expenses associated therewith.

If within three (3) years after the Effective Date, the Developer has acquired title to all of the Property A Parcels but has not acquired title to all of Property B Parcels in accordance with the terms and conditions of this Agreement, then the Developer shall only be obligated to construct the Target Project as set forth in **Article IV**, but shall not be obligated to construct the Residual Project unless the parties otherwise mutually agree. Upon such failure to acquire the Property B Parcels, the Village and the Developer shall share equally in the payment of the fees and costs described in

subsection (iii) and the statutory abandonment costs and court costs described in subsections (iv) and (v) of the definition of Acquisition Costs related to the Village's efforts to acquire the Property B Parcels, subject to the limitations on the Developer's liability therefor stated in **Section 2.3**. The Village shall be solely responsible for the payment of the balance of any and all legal fees and other fees and costs described in subsection (iii) and statutory abandonment and court costs, if any, described in subsections (iv) and (v) of the definition of Acquisition Costs in this Agreement incurred in attempting to acquire Property B in accordance with the provisions of **Section 3.12**. The Developer shall be responsible for the cost of any survey, environmental, or other tests ordered by Developer and for fees of professionals retained by Developer. The Village may elect to continue such condemnation proceedings or other negotiations for Property B at the Village's sole expense, including any liability for any condemnation award, settlement amount and purchase price.

3.11 Operation and Easement Agreement. Notwithstanding anything to the contrary contained in this Agreement, any Parcel acquired by the Village or any party through the Village, shall be subject to an Operation and Easement Agreement prepared by and acceptable to Target. The Village agrees to cause the execution of such Operation and Easement Agreement with respect to any and all such Parcels.

3.12 Obligation for Balance of Section 2.3.B. Costs / Village's Right to Cease Acquisition Efforts.

3.12.1 Obligation for Balance of Section 2.3.B. Costs. When, the Developer has incurred liability in the aggregate amount of \$100,000 for those Acquisition Costs enumerated in **Section 2.3.B.** above (legal fees and fees of expert witnesses, costs for appraisals and related costs and fees of the Village associated with efforts to acquire the Parcels, statutory abandonment costs, and court costs associated with acquisitions) (the "**Section 2.3.B. Costs**") under this Agreement, then the Developer shall have no further obligation to pay amounts in addition to such Costs as provided in **Section 2.3.B.** and the Village shall be obligated to pay the balance of all such Costs incurred.

3.12.2 Village's Right to Cease Acquisition Efforts. If, as a result of the Village's efforts to acquire the Parcels, the Developer's share of the Section 2.3.B. Costs would otherwise exceed \$100,000, the Village may send notice to the Developer specifying the amount of such Section 2.3.B. Costs in excess of \$100,000 incurred or reasonably anticipated to be incurred, specifying each category of such expense, and the Developer shall, within ten (10) days after receipt thereof, notify the Village of whether or not the Developer shall agree to expend additional funds for such additional Section 2.3.B. Costs and the amount of additional funds the Developer agrees to expend. If the Developer agrees to expend additional funds for Section 2.3.B. Costs, then the Village shall share equally in such costs and continue to attempt to acquire the Parcels and such additional amount shall be the then maximum amount Developer shall be obligated to expend for such additional Section 2.3.B. Costs under

this Agreement and the obligations of the parties shall continue hereunder. The Village may again provide the notice described above if the Developer incurs liability up to the amount of such additional Section 2.3.B. Costs.

If, at any time, the Developer elects not to increase its liability for Section 2.3.B. Costs, the Village may elect to proceed with its efforts to acquire the Parcels, being solely responsible for any Section 2.3.B. Costs in excess of One Hundred Thousand Dollars (\$100,000), or elect not to proceed to acquire any unacquired Parcels, including the abandonment of any pending eminent domain proceedings. If the Village elects not to proceed with the acquisition of any Property A or Property B Parcel, the Village shall be solely responsible for the payment of the balance of any Section 2.3.B. Costs after Developer has paid its share of such costs subject to the maximum amount set forth in Section 2.3.B, unless otherwise increased under this **Section 3.12**.

ARTICLE IV DEVELOPMENT OF REDEVELOPMENT PROJECT

4.1 Development Schedule.

4.1.1 Tenant Relocation Plan. The Developer will work with the existing tenants on the Project Parcels to provide relocation assistance in accordance with the Developer's Tenant Relocation Plan. The provisions of this Section are not intended to modify the requirement set forth in **Section 3.8** above.

4.1.2 Development of Target Project. The Developer shall commence or cause the commencement of the development (as defined in **Section 8.1.3** below) of the Target Project within ninety (90) days after Developer has (i) title to and sole and exclusive possession of all of Property A, (ii) all necessary permits and Governmental Approvals for the Target Project, (iii) completed all environmental remediation activities on Property A necessary to commence construction in Target's sole discretion, and (iv) completed all demolition activities, and shall substantially complete development of the Target Project no later than twenty four (24) months thereafter subject to force majeure as set forth in **Section 8.7** below; provided, however, Developer shall be entitled to a ninety (90) day period extending the time for commencement of development of the Target Project, upon Developer's delivery to the Village of evidence of a reasonable cause of delay. If the Developer fails to commence or complete development of the Target Project within the schedule set forth in this **Section 4.1.2**, including any extensions, then the Village shall have the rights set forth in **Section 8.1.1** and **8.2.1** below. Commencement of the development of the Target Project under this **Section 4.1.2** may proceed independently of the Residual Project.

4.1.3 Development of Residual Project. If all, or a portion of the Residual Project Parcels are acquired by the Developer within two (2) years after the Effective Date, the Developer shall make a reasonable effort to market the

Residual Project Parcels as soon as market conditions permit, in Developer's reasonable discretion, and Developer will commence development (as defined in **Section 8.1.3** below) of the Residual Project Parcels within two (2) years after the date such Parcels were acquired and complete development thereof within twelve (12) months thereafter, subject to force majeure as set forth in **Section 8.7** below. Provided however, the Developer shall be granted a twelve (12) month extension period to commence development of the Residual Project Parcels upon a showing that Developer has made reasonable efforts to market the Residual Project Parcels within the two year time period after the date such Parcels were acquired. The Developer shall provide the Village with quarterly progress reports detailing Developer's efforts to market the Residual Project Parcels during the period after the acquisition thereof, but prior to the commencement of development of the Residual Project Parcels. In the event that the Developer fails to commence or complete the development of the Residual Project in accordance with this **Section 4.1.3**, including any extensions, then the Village shall have the rights set forth in **Sections 8.1.2** and **8.2.2** below.

4.2 Construction of Project. The Developer agrees that, subject to the terms and conditions contained in this Agreement, the Developer shall commence or cause the commencement of the construction of the applicable portion of the Project in a good and workmanlike manner in accordance with all applicable building codes of the Village, the terms of this Agreement and the Concept Site Plan.

4.3 Governmental Approvals. The Village agrees to employ reasonable and good faith efforts to cooperate with the Developer and to process and timely consider and respond to all applications for the Governmental Approvals as received, all in accordance with the applicable Village ordinances and laws of the State of Illinois. It is a condition precedent to the Developer's obligations under this Agreement as set forth in **Section 3.9.5** that the Property is zoned for the uses set forth on the Concept Site Plan and that all permits and approvals, including approvals for signage as set forth on **Exhibit N** hereto, have been obtained. The Village and the Developer acknowledge and agree that they shall take the necessary steps to commence proceedings to obtain the land use approvals for the Property in accordance with the uses set forth on the Concept Site Plan and to expeditiously process Developer's permits and approvals. The Developer agrees to pay all customary fees uniformly assessed for the associated permits and approvals. The Village acknowledges and agrees that if the Residual Project is under construction at the time that the Target Project is complete, the Developer may construct or may cause to be constructed, a barrier sufficient to prevent construction noise and debris from interfering with commercial operations on Property A.

4.4 Concept Site Plan.

4.4.1 Approval of Concept Site Plan. The Concept Site Plan is hereby approved.

4.4.2 Changes. The Developer may make changes to the Concept Site Plan or any aspect thereof as site conditions or other issues of feasibility may dictate or as may be required or as may be necessary or desirable in the sole

determination of the Developer to enhance the economic viability of the contemplated Project in furtherance of the general objectives of the Redevelopment Plan; provided, however, that the Developer may not make any material changes to the Concept Site Plan without the advance written consent of the Village which consent shall not be unreasonably withheld or delayed.

4.5 Intentionally Left Blank.

4.6 Certificates of Completion. Promptly after substantial completion of either the Target Project or the Residual Project, the Developer shall furnish to the Village a Certificate of Completion for the respective Project. The Village shall, within thirty (30) days following delivery of the Certificate, carry out such inspections as it deems necessary to verify to its reasonable satisfaction the accuracy of the certifications contained in the Certificate. The Certificate shall be deemed accepted by the Village unless, within thirty (30) days following delivery of the Certificate, the Village furnishes the Developer with specific written objections to the status of the respective Project, describing such objections and the measures required to correct such objections in reasonable detail. Upon acceptance of the Certificate by the Village or upon the lapse of thirty (30) days after delivery thereof to the Village without any written objections thereto, the Developer may record the Certificate with the Cook County Recorder of Deeds, and the same shall constitute evidence of the satisfaction of the Developer's agreements and covenants to construct the respective Project. The Certificate shall be in substantially the form attached as **Exhibit D**, attached hereto and incorporated by reference herein.

ARTICLE V REIMBURSEMENT OF DEVELOPER COSTS

5.1 Village's Obligation to Reimburse Developer. The Village agrees to reimburse Developer for the verified Reimbursable Redevelopment Project Costs in the categories set forth on **Exhibit C** attached hereto and incorporated herein by reference. Subject to the terms of the Note Ordinance and this Agreement, the Village agrees to issue the TIF Note to reimburse Developer for those verified Reimbursable Redevelopment Project Costs in a not to exceed principal amount of Nineteen Million Dollars (\$19,000,000), as provided in this **Article V** subject to adjustment as set forth in **Section 6.4** below.

5.2 Reimbursements Limited to Reimbursable Redevelopment Project Costs; Developer's Right to Substitute. Nothing in this Agreement shall obligate the Village to reimburse or pay Developer for any cost that is not a Redevelopment Project Cost under the TIF Act or for any Redevelopment Project Cost that has not been approved in the Redevelopment Plan and Project. The Developer shall, at the Village's request, make available for review itemized invoices, receipts or other information, if any, reasonably requested by the Village to confirm that any such cost is so incurred and does so qualify. Each such request shall be accompanied by a certification by the Developer that such cost is eligible for payment or reimbursement under the TIF Act, the Redevelopment Plan and Project, and this Agreement. The parties agree that each of the categories of costs set forth in **Exhibit C** shall constitute Reimbursable Redevelopment Project Costs which are eligible for payment or reimbursement in

accordance with the TIF Act, the Redevelopment Plan and Project, and this Agreement. If all or a portion of the Base Budget expended by Developer is determined to be ineligible for payment or reimbursement under the Act, then the Developer shall not be limited to the total amount of payment or reimbursement for each Base Budget category, but shall be entitled to payment or reimbursement for Redevelopment Project Costs from any of the categories set forth on **Exhibit C** without regard to the maximum amounts shown for each category, up to the maximum aggregate amount established in **Section 5.1** of this Agreement and as approved in the Redevelopment Plan and Project. If the Village determines that any cost identified as a Reimbursable Redevelopment Project Cost is not a Redevelopment Project Cost under the TIF Act, or has not been approved by the Village in the Redevelopment Plan and Project, the Village shall so notify the Developer in writing within thirty (30) days identifying the ineligible cost and the basis for determining the cost to be ineligible, whereupon the Developer shall have the right to contest such determination and/or identify and substitute other Redevelopment Project Costs as Reimbursable Redevelopment Project Costs under the TIF Act with a supplemental application for payment. The parties hereby agree that costs expended to acquire the Property are Reimbursable Redevelopment Project Costs under the TIF Act and such Costs have been approved by the Village in the Redevelopment Plan and Project.

5.3 Village's Obligation Limited to Pledged Revenue. Notwithstanding any other term or provision of this Agreement, the TIF Note issued by the Village to reimburse the Developer for Reimbursable Redevelopment Project Costs is payable only from the Pledged Revenue if, as and, when received, on deposit in the Special Tax Allocation Fund and the Sales Tax Fund and from no other source.

ARTICLE VI TIF OBLIGATIONS

6.1 Note Ordinance; Pledged Revenue. The Village has adopted or will adopt the Note Ordinance for the TIF Note, subject to the provisions of **Section 5.3**. The Village has pledged the Pledged Revenue to the retirement of the TIF Note, however, if (i) the Developer does not acquire Property B, or (ii) the Developer fails, under **Section 8.1.2**, to timely commence development of that portion of the Residual Project located on Property B, or (iii) the Developer fails, under **Section 8.2.2**, to complete development of that portion of the Residual Project located on Property B, then the Pledged Revenue attributable to Property B shall not be pledged to the retirement of the TIF Note as provided in the Note Ordinance. The Village hereby designates each and every payment under the TIF Note as a non-shareholder contribution to capital pursuant to Section 118 of the Internal Revenue Code of 1986 and intends such payment to be a reimbursement for Reimbursable Redevelopment Project Costs incurred in connection with the Project. The Note Ordinance provides for the segregation, deposit, and application of the Pledged Revenue in the Special Tax Allocation Fund and the Sales Tax Fund.

6.2 Issuance of TIF Note. The Village agrees to issue the TIF Note on the Closing Date. The TIF Note shall be in a maximum principal amount not to exceed Nineteen Million Dollars (\$19,000,000), shall mature on the Maturity Date, and shall bear interest (computed on the basis of a 360-day year of twelve 30 day months) at a

rate percent per annum equal to six percent (6%) and shall be payable in annual installments of principal and interest per annum as provided in the Note Ordinance until the Maturity Date; provided however, the failure by the Village to pay all such principal and interest due to insufficient Pledged Revenue, shall not be an event of default hereunder or under any Note Ordinance. The projected TIF Revenues, Sales Tax Revenue, and Parcel 15 Revenue were determined by a feasibility report issued by the Village's financial consultant and delivered to the Developer. The TIF Note shall not constitute a general obligation of the Village and shall be a limited obligation secured solely and only by the Pledged Revenue in the priority of lien and as otherwise provided in the Note Ordinance. The TIF Note shall not constitute a full faith and credit obligation of the Village.

6.3 Advance For Value. On the Closing Date, the TIF Note shall be certified for Reimbursable Redevelopment Project Costs advanced to date. Thereafter, subject to the provisions of **Section 6.4.3**, the Village shall, within thirty (30) days after acceptance by the Village of each Certificate of Reimbursable Redevelopment Project Costs, certify to the Note Registrar the full amount stated in such Certificate as a Developer Advance For Value in the form provided for in the TIF Note. Provided, however, in the case of an Advance For Value by Developer pursuant to **Section 3.1** or **3.5.2** hereof, the Village shall, immediately certify to the Note Registrar the amount stated in the Certificate of Reimbursable Redevelopment Project Costs delivered by the Developer to the Village on the Closing Date and the Village shall deliver to Developer, verification of the Advance For Value noted on the TIF Note. Except for a Certificate of Reimbursable Redevelopment Project Costs delivered to the Village pursuant to **Section 3.1** or **3.5.2** as provided herein, the Village shall accept or reject each Certificate of Reimbursable Redevelopment Project Costs submitted by Developer within thirty (30) days after submission by the Developer. If the Village rejects any such Certificate of Reimbursable Redevelopment Project Costs submitted by Developer, Developer shall have the right to identify and substitute eligible Reimbursable Redevelopment Project Costs. If the Village fails to accept or reject the Certificate of Reimbursable Redevelopment Project Costs within thirty (30) days after submission by Developer, the resulting Developer Advance For Value shall be deemed to have been accepted by the Village on the thirty-first (31st) day after submission thereof and shall be shown on the TIF Note as an Advance For Value by the Developer.

6.4 Adjustment to TIF Note- Reimbursable Project Costs.

6.4.1 Adjustment to Maximum Amount TIF Note: Development of Target Project. The TIF Note will be issued in the not to exceed maximum principal amount of Nineteen Million Dollars (\$19,000,000). To the extent that (i) the Developer's Base Budget for development of both the Target Project and the Residual Project, in the aggregate, decreases below Twenty Five Million Three Hundred Eighty Seven Thousand Dollars (\$25,387,000) because of reduced land, relocation or site costs, or (ii) upon issuance of the Certificate of Completion for the Project, all or a portion of Developer's contingency of One Million Dollars (\$1,000,000) has not been spent, the maximum principal amount of the TIF Note shall be reduced on a dollar-for-dollar basis to the extent of such decrease.

6.4.2 Adjustment to Maximum Amount TIF Note: Failure to Acquire Property B. If Property B is not acquired by Developer in accordance with the terms of this Agreement, then in such case, the maximum principal amount of the TIF Note shall be reduced by One Million Two Hundred Fifty-Six Thousand Six Hundred and Five Dollars (\$1,256,605).

6.4.3 Adjustment to Reimbursable Costs/Residual Project

6.4.3.1 Adjustment of Reimbursable Project Costs.

Notwithstanding anything to the contrary contained in this Agreement, the first Two Million Two Hundred Fifty-Six Thousand Six Hundred and Five Dollars (\$2,256,605) of Reimbursable Redevelopment Development Project Costs attributable to the Residual Project submitted by the Developer, shall only be certified to the Note Registrar as Advances For Value upon the issuance of a Certificate of Completion for the Residual Project in accordance with the provisions of Sections 6.4.3.2 and 6.4.3.3 below.

6.4.3.2 Advance For Value - Residual Project Located on Property A. One Million Dollars (\$1,000,000) of those Reimbursable Redevelopment Project Costs attributable to that portion of the Residual Project located on Property A shall only be certified to the Note Registrar as Advances For Value when such portion of the Residual Project is completed in accordance with the schedule set forth in **Section 4.1.3** of this Agreement.

6.4.3.3 Advance For Value - Residual Project Located on Property B. One Million Two Hundred Fifty-Six Thousand Six Hundred and Five Dollars (\$1,256,605) of those Reimbursable Redevelopment Project Costs attributable to that portion of the Residual Project located on Property B shall only be certified to the Note Registrar as Advances For Value when such portion of the Residual Project is completed accordance with the schedule set forth in **Section 4.1.3** of this Agreement.

6.5 Parcel 15 Revenue. The Sales Tax Revenue shall continue to be deposited into the Sales Tax Fund as provided in the Note Ordinance for the payment of the TIF Note until the TIF Note is paid in full, to the extent that the Parcel 15 Pledged Revenue is less than the amount projected by the Village's independent financial consultant in its Final Report referred to in **Section 3.9.7** hereof.

ARTICLE VII

SPECIAL TAX ALLOCATION FUND; SALES TAX FUND; COLLECTION AND USE OF PLEDGED REVENUE

7.1 Administration of Special Tax Allocation Fund and Sales Tax Fund.

The Village agrees to cause its Finance Manager or other financial officer designated by the Corporate Authorities to maintain the Special Tax Allocation Fund and the

Sales Tax Fund including such further accounts or sub-accounts as are required by the Note Ordinance or as the Village may deem appropriate in connection with the administration of the Special Tax Allocation Fund and Sales Tax Fund pursuant to this Agreement, the Note Ordinance and the TIF Act. Subject to the requirements of the TIF Act, the Village will promptly upon receipt thereof deposit the Pledged Revenue in the respective Special Tax Allocation Fund or Sales Tax Fund, as the case may be.

7.2 Cooperation in Determining Pledged Revenue. The Village and the Developer agree to cooperate and take all reasonable actions necessary to cause the Pledged Revenue to be paid into the Special Tax Allocation Fund or the Sales Tax Fund as applicable, including the Village's enforcement and collection of all such payments through all reasonable and legal means of enforcement. Developer and the Village agree to provide, and cause any user of the Property to provide, reports of sales taxes generated by each user on the Property or powers of attorney in order to determine the Sales Tax Revenue hereunder.

7.3 Redemption of TIF Note. The Village may pre-pay the TIF Note, in whole or in part in accordance with the terms thereof. The Village agrees to consider, in its sole discretion, redeeming the TIF Note by issuing bonds in connection with the Redevelopment Area upon completion of the Target Project, the proceeds of which shall be used in part to pay for the retirement of the TIF Note. The Developer agrees to reasonably cooperate with the Village in the issuance of such bonds.

ARTICLE VIII GENERAL PROVISIONS

8.1 Failure to Timely Commence Development.

8.1.1 Failure to Timely Commence Development – Target Project.

Subject to **Section 8.7**, the Village may exercise its Purchase Option pursuant to **Section 8.3** as to Property A and Property B and terminate this Agreement if the Developer fails to commence development of the Target Project in accordance with the schedule set forth in **Section 4.1.2** of this Agreement. Except as otherwise provided in this Agreement, upon such termination, the Village shall have no further obligation to reimburse the Developer for any amounts advanced under this Agreement or costs otherwise incurred or paid by Developer and any TIF Note issued in connection with the Target Project or the Residual Project shall be deemed null, void and canceled.

8.1.2 Failure to Timely Commence Development – Residual Project.

Subject to **Section 8.7**, if the Developer shall fail to timely commence development of any portion of the Residual Project in accordance with the schedule set forth in **Section 4.1.3** of this Agreement, the Village may exercise its Purchase Option pursuant to **Section 8.3**, but only as to those Residual Project Parcels which are the subject of Developer's failure to timely commence development. Advances For Value shall be governed by the provisions of **Section 6.4.3**. The TIF Note and this Agreement shall remain in full force and effect as to the Target Project and those Residual Project Parcels on which development has commenced.

8.1.3 Commencement of Development. For purposes of this Agreement, "commence development" means a construction permit has been issued and site preparation has commenced.

8.2 Failure to Timely Complete Development.

8.2.1 Failure to Timely Complete Development- Target Project.

Subject to **Section 8.7**, the Village may terminate this Agreement as to Property A and Property B if the Developer fails to complete development in accordance with the schedule set forth in **Section 4.1.2** of this Agreement for development of the Target Project. Except as otherwise provided in this Agreement, upon such termination, the Village shall have no further obligation to reimburse the Developer for any amounts advanced under this Agreement or costs otherwise incurred or paid by Developer and any TIF Note issued in connection with the Target Project or the Residual Project pursuant to this Agreement shall be deemed null, void and canceled with regard thereto in accordance with the terms of this Agreement.

8.2.2 Failure to Timely Complete Development -Residual Project.

Subject to **Section 8.7**, if the Developer shall fail to timely complete development of any portion of the Residual Project, in accordance with the schedule set forth in **Section 4.1.3** of this Agreement, then Advances For Value shall be governed by the provisions of **Section 6.4.3**. This Agreement and the TIF Note shall remain in full force and effect as to the Target Project and those Residual Project Parcels on which development was timely completed.

8.3 Village's Purchase Option/Developer's Failure to Develop. So long as the Village is not in default under this Agreement, the Village may, in accordance with **Section 8.1.1 and 8.1.2** above, exercise its Purchase Option to purchase the Property A and Property B Parcels or those Residual Project Parcels that Developer has failed to commence to develop in accordance with the schedule set forth in **Section 4.1.2 and 4.1.3** respectively, after the Village provides Developer with notice and the opportunity to cure set forth in **Section 8.6**. The Village shall provide the Developer with a written notice of its intent to exercise the Purchase Option identifying the Property A and Residual Project Parcels which are the subject of the Option exercise. Such notice to be provided within thirty (30) days after the event giving rise to the right to exercise the Purchase Option.

If the event giving rise to the Village's right to exercise its Purchase Option is the Developer's failure to timely commence development of the Target Project under **Section 8.1.1**, then the Purchase Option may only be exercised as to all and not less than all of the Property A and Property B Parcels. If the event giving rise to the Village's right to exercise its Purchase Option is a failure by the Developer to timely commence the development of a portion of the Residual Project **Section 8.1.2**, then the Purchase Option may only be exercised as to those Residual Project Parcels which are the subject of the Developer's failure to timely commence to develop. The Option price shall be equal to all amounts paid by Developer to acquire the Parcels and to those amounts expended by Developer to develop such Parcels, including, but not limited to, all Acquisition Costs, site development costs, costs for public

improvements, and professional fees related to the Project but shall not include architectural fees for structures that shall not be constructed by a subsequent developer on the Property or expenses which do not benefit the overall development. The Developer shall provide the Village with a certified statement of the Acquisition Costs and other amounts paid by Developer constituting the Option Price within ten (10) business days after its receipt of the Village's notice of exercise. The closing of the Village's purchase of such Parcels shall occur within sixty (60) days of the date of such Option exercise.

8.4 Developer's Option to Purchase Balance of Property After Initial Acquisition. It is the intent of the parties that in accordance with, and subject to, the terms of this Agreement the Developer will acquire all of the Property. However, in the event the Developer acquires only Property A, or elects in writing to proceed with the Target Project with less than all of Property A as provided herein, then in such event the Developer shall have the option to purchase the balance of the Property that it has not acquired, but that the Village subsequently acquires, during the first five (5) years of the Term of this Agreement for the price paid by the Village including any Acquisition Costs paid by the Village.

For example, if, the Target Project is operational, the Developer has not acquired Property B, and the Village subsequently acquires all or a portion of the Parcels comprising Property B, then the Developer shall have the option to purchase any of the Parcels comprising Property B which the Village acquires during the first five years of the Term of the Agreement.

Within thirty days after the Village enters into a binding purchase agreement for any Parcel not previously acquired by the Developer, the Village shall deliver to the Developer a written notice providing the Developer with a copy of the purchase agreement, the legal description of the Parcel, a copy of the title commitment, and the tests and survey conducted by the Village with respect to such Parcel, and the amount of the purchase price and other Acquisition Costs to be paid by the Village for the Parcel. The Developer shall have sixty days (60) days from the date of the notice to elect in writing whether or not to purchase such Parcel. If the Developer elects to purchase the Parcel, the Developer shall notify the Village in writing of such election and on the closing date stated in the purchase agreement between the Village and seller of the Parcel, the Developer shall take title to the Parcel directly from the seller. Title shall be conveyed to Developer in accordance with the provisions of **Section 3.8** hereof. If the Developer elects not to purchase any Parcel under this **Section 8.4**, then the Village shall have no further obligation with regard to the Developer and the purchase of such Parcel.

8.5 Successors and Assigns.

8.5.1 Binding Effect. This Agreement shall be binding on and shall inure to the benefit of the parties named herein and their respective heirs, administrators, executors, personal representatives, successors and assigns.

8.5.2 Assignment or Sale. Until substantial completion of the contemplated Target Project or the Residual Project, as the case may be, the rights, duties and obligations of the Developer under this Agreement shall not

be assigned, in whole or in part, without the prior written approval of the Village, which approval shall not be unreasonably withheld, conditioned or delayed upon a reasonable demonstration by the Developer of the proposed transferee's or assignee's experience and financial capability to undertake and complete such portions of the respective Project and perform the Developer's obligations under this Agreement, all in accordance with this Agreement. Notwithstanding anything herein to the contrary, the Village hereby approves, and no prior consent shall be required in connection with: (a) the right of Developer, at any time, to assign to Target, any and all rights, duties and obligations of Developer under this Agreement, including, without limitation, the TIF Note, and the right to acquire title to any and all Parcels from the Village; (b) the right of the Developer, at any time, to encumber or collaterally assign its interest in the Property or any portion thereof to secure loans, advances or extensions of credit to finance or from time to time refinance all or any part of the Project Costs, or the right of the holder of any such encumbrance or transferee of any such collateral assignment (or trustee or agent on its behalf) to transfer such interest by foreclosure or transfer in lieu of foreclosure under such encumbrance or collateral assignment; or (c) the right of Developer to, at any time, assign the Developer's rights, duties and obligations under this Agreement to any party related to the Developer by one of the relationships described in Section 267(b) of the United States Internal Revenue Code of 1986, as amended; provided that in the case of (b) and (c) above (i) the Developer or Target, as the case may be, shall remain liable hereunder for the substantial completion of the contemplated Target Project and Residual Project, and shall be released from such liability hereunder only upon substantial completion of the contemplated respective Project in accordance with the terms and conditions of this Agreement and (ii) the Developer provides to the Village fifteen (15) days advance written notice of the proposed assignment or transfer. Except as provided in this **Section 8.5.2.**, the rights, duties and obligations of the Developer named herein or any successors in interest under this Agreement or any part hereof may be assigned at any time before, during or after redevelopment of the contemplated Project, whereupon the party assigning its interest under this Agreement shall be thereafter released from further obligation under this Agreement. All or any part of the Property or any interest therein may be sold, transferred, encumbered, leased, or otherwise disposed of at any time, before, during or after redevelopment of the contemplated Project, whereupon the party disposing of its interest in the Property shall be thereafter released from further obligation under this Agreement (although any such property so disposed of shall remain subject to the terms and conditions of this Agreement).

8.6 Remedies. Except as otherwise provided in this Agreement and subject to the Village's right of termination, in the event of any default in or breach of any term or condition of this Agreement by either party, or any successor, the defaulting or breaching party (or successor) shall, upon written notice from the other party specifying such default or breach, proceed immediately to cure or remedy such default or breach, and shall, in any event, within thirty (30) days after receipt of notice, commence to cure or remedy such default or breach. If the defaulting or breaching party (or successor) diligently and in good faith commences to cure or remedy such default or breach but is unable to cure or remedy such

default or breach within thirty (30) days after receipt of notice, the defaulting or breaching party (or successor) shall, prior to the end of such thirty (30) days, provide notice to the other party that it has in good faith commenced to cure or remedy such default or breach, whereupon the defaulting or breaching party (or successor) shall have an additional ninety (90) days to cure or remedy such default or breach. In case such cure or remedy is not effected or not diligently pursued, or the default or breach shall not be cured or remedied prior to the end of the additional ninety (90) day period, the remedy to the aggrieved party shall be as set forth below:

A. If the Developer is in breach of this Agreement under **Section 4.1.2**, for failure to timely commence development of the Target Project, the Village's exclusive remedy, at law and in equity, shall be to exercise its Purchase Option, upon such exercise the TIF Note shall be cancelled and this Agreement terminated as set forth in **Section 8.1.1**;

B. If the Developer is in breach of this Agreement under **Section 4.1.3**, for failure to timely commence development of the Residual Project Parcels, then the Village's exclusive remedy, at law and in equity, shall be to exercise its Purchase Option as to those Residual Project Parcels on which development has not commenced, and to treat Advances For Value in accordance with **Section 6.4.3**;

C. If the Developer is in breach of this Agreement under **Section 4.1.2**, for failure to timely complete development of the Target Project, the Village's exclusive remedy, at law and in equity, shall be to terminate this Agreement and cancel the TIF Note as set forth in **Section 8.2.1**;

D. If the Developer is in breach of this Agreement under **Section 4.1.3**, for failure to timely complete development of the Residual Project, then the Village's exclusive remedy, at law and in equity, shall be to treat Advances For Value in accordance with **Section 6.4.3**;

E. Notwithstanding anything to the contrary contained in this **Section 8.6**, if Developer is found to be in willful breach of this Agreement, the Village may pursue its legal remedies;

F. If the Village is in breach of this Agreement, the Developer may pursue any and all legal and equitable remedies available to it as a result of such breach, including, without limitation, termination of this Agreement or proceedings to compel specific performance.

8.7 Force Majeure. Neither the Village nor the Developer nor any successor in interest shall be considered in breach or default of their respective obligations under this Agreement, the failure of the performance of obligations shall not be considered a breach or default hereunder and times for performance of obligations hereunder shall be extended in the event of any delay or failure to perform caused by force majeure, including without limitation, damage or destruction by fire or casualty; strike; lockout; civil disorder; war; acts or effects of acts of terrorism; restrictive government regulations; lack of issuance of any permits and/or legal authorization by

any governmental entity necessary for the Developer to proceed with construction of the Project or any portion thereof, if such permits have been properly filed; delay in commencement or completion of any and all work to be performed by others that affects Developer's ability to commence or complete the Project; shortage or delay in shipment of material or fuel; acts of God; environmental conditions; unusually adverse weather or wet soil conditions; or other like causes beyond the parties' reasonable control, including without limitation any litigation, court order or judgment resulting from any litigation affecting the validity of the Redevelopment Plan and Project, the contemplated Project, the Note Ordinance or the TIF Note, this Agreement, or eminent domain actions; provided that such event of force majeure shall not be deemed to exist as to any matter initiated or sustained by the Village or the Developer in bad faith, and further provided that the party claiming the benefits of this **Section 8.7** shall notify the other in writing within thirty (30) days of the commencement of such claimed event of force majeure.

8.8 Notices. Any notice, demand or other communication required by this Agreement to be given by either party hereto to the other shall be in writing and shall be sufficiently given or delivered if dispatched by certified United States first class mail, postage prepaid, or delivered personally:

(i) In the case of the Developer, to:

GBA-SRES, LLC
c/o Strategic Real Estate Services, Inc.
Attention: Steve Leonard
Two Northfield Plaza
Suite 320
Northfield, IL 60093

and to:

GBA-SRES, LLC
c/o Gershman Brown & Associates
Attention: Adrian Brown
600 East 96th Street
Suite 150
Indianapolis, IN 46240

and to:

Target Corporation
1000 Nicollet Mall
TPN-12J
Minneapolis, Minnesota 55403
Attention: Law Department

With a copy to:

Polsky & Associates, Ltd.
205 N. Michigan Avenue
41st Floor
Chicago, IL 60601

(ii) In the case of the Village, to:

Village of Arlington Heights, Illinois
Village Manager
Village Hall
33 South Arlington Heights Road
Arlington Heights, Illinois 60005

And to:

Village of Arlington Heights, Illinois
Office of the Financial Manager
Village Hall
33 South Arlington Heights Road
Arlington Heights, Illinois 60005

With a copy to:

Jack Siegel
Holland & Knight LLP
131 S. Dearborn St.
30th Floor
Chicago, IL 60603

or to such other address(es) with respect to either party as that party may, from time to time, designate in writing and forward to the other as provided in this paragraph.

8.9 Inspection. The Village may conduct such periodic inspections of the Project as may be generally provided in the building code of the Village. In addition, the Developer shall allow other authorized representatives of the Village reasonable access to the Project site from time to time upon advance notice prior to the completion of the Project for inspection thereof. The Developer shall not unreasonably deny the Village and its officers, employees, agents and independent contractors the right to inspect, upon request, all architectural, engineering, demolition, construction and other contracts and documents pertaining to the construction of the Project as the Village determines is reasonable and necessary to verify the Developer's compliance with the terms of this Agreement.

8.10 Choice of Law. This Agreement shall be taken and deemed to have been fully executed, made by the parties in, and governed by the laws of the State of Illinois without regard to its conflicts of laws provisions for all purposes and intents.

8.11 Entire Agreement; Amendment. The parties agree that this Agreement constitutes the entire agreement between the parties and that no other agreements or representations other than those contained in this Agreement have been made by the parties. This Agreement shall be amended only in writing and effective when signed by the authorized agents of the parties.

8.12 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one and the same instrument.

8.13 Severability. In the event any term or provision of this Agreement is held to be unenforceable by a court of competent jurisdiction, the remainder shall continue in full force and effect, to the extent the remainder can be given effect without the invalid provision.

8.14 Representatives Not Personally Liable. No elected or appointed official, agent, employee or representative of the Village shall be personally liable to the Developer in the event of any default or breach by any party under this Agreement, or for any amount which may become due to any party or on any obligations under the terms of this Agreement.

8.15 Release and Indemnification. The indemnifications and covenants contained in this Section shall survive termination or expiration of this Agreement.

8.15.1 The Village and its governing body members, officers, employees and attorneys shall not be liable to the Developer for damages or otherwise in the event that all or any part of the TIF Act, or any ordinance, resolution, motion or vote adopted in connection with either the TIF Act, this Agreement or the Redevelopment Plan and Project, is declared invalid or unconstitutional in whole or in part by the final (as to which all rights of appeal have expired or have been exhausted) judgment of any court of competent jurisdiction, and by reason thereof either the Village is prevented from performing any of the covenants and agreements herein or the Developer is prevented from enjoying the rights and privileges hereof; but nothing herein, shall be construed to relieve the Village Attorney from its Opinions rendered pursuant to **Section 8.17** hereof, generally providing that the Village is a duly formed and existing municipal corporation with requisite power and authority, the Redevelopment Plan was properly authorized and adopted, the Redevelopment Project Area was properly designated, tax increment financing was properly adopted, the Developer was properly selected as developer of the Project, this Agreement and the TIF Note were duly authorized, executed and delivered, and are valid and binding legal obligations of the Village, all actions under Illinois law and the TIF Act, to approve and execute the Redevelopment Plan, designate the Area, approve the Project, adopt tax increment financing, approve this Agreement and issue the TIF Note were properly taken by the Village, the approval of the TIF Ordinances and this Agreement and the Village's performance of the obligations thereunder do not violate Illinois law or the TIF Act, no additional approvals, consents or authorizations were required to be obtained that were not obtained at the time of approval of the TIF Ordinances and this Agreement, no litigation is pending or threatened in which an unfavorable decision would have a adverse effect the transactions contemplated by this Agreement or the TIF Note.

8.15.2 The Village and its governing body members, officers, employees and attorneys shall not be liable for any damage or injury to the persons or property of the Developer or its officers, agents, employees,

independent contractors or any other persons who may be about the Property or the Project except for matters arising out of the gross negligence or willful misconduct of the Village and its governing body members, officers, agents, and employees.

8.15.3 All covenants, stipulations, promises, agreements and obligations of the Village contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Village and not of any of its governing body members, officers, and employees in their individual capacities.

8.16 Survival. Notwithstanding the expiration or termination or breach of this Agreement by either party, the agreements contained in **Section 2.3, 3.11, 3.12, Sections 8.10, 8.11, 8.12, 8.13, 8.15, 8.16 and 8.19,** and **Article IX** of this Agreement shall, except as otherwise expressly set forth herein, survive such expiration or early termination of this Agreement by either party.

8.17 Legal Opinion. On the Closing Date, the Village Attorney and Bond Counsel each shall provide the Developer, and Developer's Counsel with an opinion. The Village Attorney shall provide an opinion in the form attached hereto as **Exhibit I**. Bond Counsel shall provide an opinion in a form reasonably acceptable to Developer opining as to the tax exempt status of the TIF Note and that the TIF Note is a valid and binding obligation of the Village.

8.18 Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

8.19 Further Assurances. The parties agree to take all necessary action and cooperate as reasonably required in connection with further effectuating this Agreement, including the execution and delivery of any additional documents or instruments as may become necessary or appropriate to further carry out the terms, provisions and intent of this Agreement.

8.20 Parcel 15. Developer agrees to design and construct underground storm water detention facilities in a commercially reasonable manner so that such detention facilities shall accommodate the storm water requirements for Parcel 15. Such facilities related to Parcel 15 may be independent detention facilities located on Parcel 15 or located on Property A in the Developer's sole and reasonable discretion. The agreements of the Developer contained in this **Section 8.20** are subject to and conditioned upon (i) mutually agreeable documentation with regard thereto between the Village and the Developer, (ii) Developer's acquisition of the Property, and (iii) such detention facilities not requiring material changes to the Concept Site Plan or interfering in any manner with the operations of the SuperTarget store or the balance of the development.

8.21 No Private Payments. The Village and the Developer recognize that payments from the Developer to the Village other than payments made by the Developer of taxes of general applicability may be deemed to be private payments under the Internal Revenue code of 1986, as amended, (the "**Code**"), and that any

such payments may cause interest on the TIF Note and other financing instruments to be includible in the gross income of the owners thereof for federal income tax purposes. Accordingly the Village and the Developer covenant and agree that if the TIF Note is issued on a tax-exempt basis, the City will accept no payment from the Developer pursuant to any provision of this Agreement without first obtaining the advice of Bond Counsel that such payment will not impair the status of interest on the TIF Note or other financing instruments issued on a tax-exempt basis under the Code as not includible in the gross income of the owners thereof for federal income tax purposes.

8.22 Taxes of General Applicability. The Village expressly agrees and recognizes that security for the TIF Note and other financing instruments and payments of interest on the TIF Note and other financing instruments are limited to (a) taxes of general applicability, and (b) the amounts on deposit in the funds and accounts created under the ordinances authorizing the issuance of the TIF Note or other financing instruments. The Village recognizes that improper agreements with taxpayers may cause tax receipts to be classified as private payments under the Code. Accordingly, the Village covenants not to enter into or enforce any agreements with taxpayers, including specifically, the Developer, that would modify the obligations of such taxpayers under general law without an opinion of Bond Counsel that such agreement or enforcement will not adversely affect the tax-exempt status of interest on the TIF Note or other financing instruments issued on a tax-exempt basis for federal income tax purposes. If Developer requests that the Village enter into an agreement with the Developer which would require an opinion from Bond Counsel under **Section 8.21** or this **Section 8.22**, then Developer agrees to pay the legal fees of Bond Counsel in conjunction with the issuance of such opinion. In the event that the TIF Note is issued on a tax-exempt basis, no provision of this Agreement or any agreement, written or oral, will be enforced for the benefit of the holders of the TIF Note or other financing instruments or in any way to increase revenues available to pay interest on the TIF Note or other financing instruments.

8.23 Recordation and Filing. The Developer may cause this Agreement, certain exhibits, all amendments and supplements hereto to be recorded and filed against the Property in the conveyance and real property records of The County of Cook, Illinois.

8.24 Amended and Restated Redevelopment Agreement. This Amended and Restated Redevelopment Agreement supersedes, in its entirety, the Redevelopment Agreement approved by the Village on December 19, 2005 between the Village and the Developer.

ARTICLE IX REPRESENTATIONS AND COVENANTS OF THE PARTIES

9.1 Representations of the Village. The Village hereby represents and warrants that it has full constitutional and lawful right, power and authority, under current applicable law, to execute, deliver and perform the terms and obligations of this Agreement, including without limitation the right, power and authority to issue the TIF Note, and all of the foregoing have been or will be, upon adoption of the TIF Ordinances authorizing the issuance of the TIF

Note, duly and validly authorized and approved by all necessary Village proceedings, findings and actions. Accordingly, this Agreement constitutes the legal, valid and binding obligation of the Village, enforceable in accordance with its terms, except that the enforceability of this Agreement and the rights of the parties hereto may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

9.2 Representations of the Developer. The Developer hereby represents and warrants it has full power to execute and deliver and perform the terms and obligations of this Agreement and all of the foregoing has been duly and validly authorized by all necessary corporate proceedings. This Agreement constitutes the legal, valid and binding obligation of the Developer, enforceable in accordance with its terms.

IN WITNESS WHEREOF, the Village and the Developer have caused this Agreement to be executed in their respective names and the Village has caused its seal to be affixed thereto, and attested as of the date set forth below.

DATE: June 19, 2006

"VILLAGE":

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

By: Thomas W. Hays
President
Pro Tem

(SEAL)

Attest:

Edwin Pous
Village Clerk

DATE: July 10, 2006

"DEVELOPER":

GBA-SRES, LLC, an Illinois limited liability company
By: SRES I, LLC, an Illinois limited liability company, its member

By: Stephen M. Leonard

Name: STEPHEN M. LEONARD

Title: Member

GBA-SRES, LLC, an Illinois limited liability company
By: G.B. Arlington Heights, LLC, an Indiana limited liability company,
By: G.B. Managers, Inc., an Indiana corporation, its Manager

By: Adrian F. Brown

Name: Adrian F. Brown

Title: President

[SIGNATURE PAGE TO ARLINGTON HEIGHTS/TARGET REDEVELOPMENT AGREEMENT]

STATE OF ILLINOIS)

)SS

COUNTY OF COOK)

On this 7 day of July, 2006, before me appeared Steve Leonard to me personally known, who, being by me duly sworn, did say that he is the * _____ of **GBA-SRES, LLC**, and that he is authorized to sign the instrument on behalf of said company, and acknowledged to me that he executed the within instrument as said company's free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.



Kim Strout
Notary Public

(SEAL)

My Commission Expires:

4-21-2010

* Member of SRES I, LLC, an Illinois limited liability company, a member of GBA-SRES, LLC, an Illinois limited liability company

Indiana
STATE OF ILLINOIS)
Hamilton)SS
COUNTY OF COOK)

On this 10 day of July, 2006, before me appeared Adrian F. Baum to me personally known, who, being by me duly sworn, did say that he is the President of * **GBA-SRES, LLC**, and that he is authorized to sign the instrument on behalf of said company, and acknowledged to me that he executed the within instrument as said company's free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

Brenda S. Young
Notary Public

(SEAL)

My Commission Expires:

BRENDA S YOUNG
NOTARY PUBLIC STATE OF INDIANA
HENDRICKS COUNTY
MY COMMISSION EXPIRES JAN. 10, 2007

* G.B. Managers, Inc., an Indiana corporation, Manager of
of G.B. Arlington Heights, LLC, an Indiana limited
liability company

EXHIBIT A
Legal Description of the Redevelopment Area

All that part of the Southeast $\frac{1}{4}$ of Section 9 and Southwest $\frac{1}{4}$ of Section 10, all in Township 41 North, Range 11 East of the Third Principal Meridian, in Cook County, Illinois described as follows:

Beginning at the Southwest corner of the Northwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of said Section 10; running thence northeasterly along the Westerly line of the property conveyed by Emil Curtis and Doris Curtis to William Diehl and recorded as Document No. 9225797 to a point of intersection with the Southwesterly line of a parcel of land described as having a point of commencement on the West line of said Section 10, 15.41 feet North of the Southwest corner, hereinbeforesaid, and as described in deed Document 20690506 recorded November 29, 1968; thence northwesterly along said Southwesterly described line and projected through to a point of intersection with the Westerly line of Arlington Heights Road as said road is now traveled; thence southwesterly along said westerly line to a point of intersection with a westerly projection of the North line of the South 669.90 feet of the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of said Section 9 lying easterly of said Arlington Heights Road; thence east along said line to a point on a line 274.39 feet from and parallel with the East line of said Section 9; thence South on said parallel line 301.94 feet to a point on the North line of Golf Terrace as said street was opened per Document 14057529 and recorded May 15, 1947; thence west along said line and a west extension of said line to the westerly line of Arlington Heights Road aforesaid; thence southwesterly along said westerly line to a point of intersection with a westerly projection of the South line of Golf Road; thence east along said line projected and the South line of Golf Road aforesaid to the East line of the West $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of said Section 10 projected south; thence north along said projected line and said East line of the West $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$, to a point on the centerline of Belmont Avenue intersecting the South line of Council Trail extended East; thence west along said extended line and the North line of Council Trail projected through to the centerline of Tonne Road; thence north along said centerline to the centerline of Foster Street also being the place of beginning.

Source: Village of Arlington Heights
Arlington Heights/Golf Road
Redevelopment Project Plan No. 4
February 2002

EXHIBIT B
Legal Description of the Property

*Legal Descriptions not available at the time of execution of this Agreement, shall be attached hereto and incorporated herein when obtained by Developer, such Legal Descriptions to substantially conform to the Parcels depicted in Exhibit F, attached hereto.

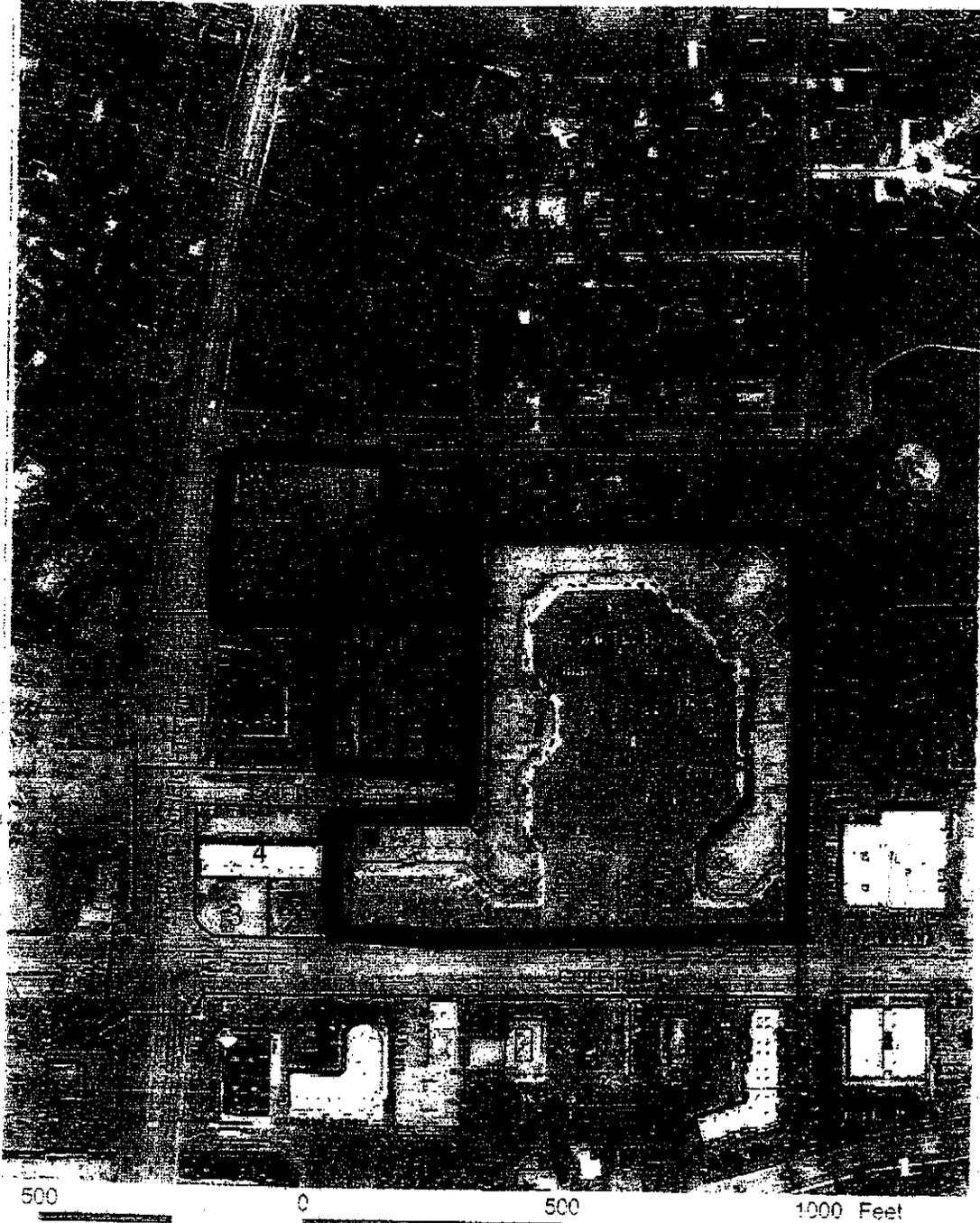
EXHIBIT B-1
Legal Description of Property A

*Legal Descriptions not available at the time of execution of this Agreement, shall be attached hereto and incorporated herein when obtained by Developer, such Legal Descriptions to substantially conform to the Parcels depicted in Exhibit F, attached hereto.

EXHIBIT B-2
Legal Description of Property B

***Legal Descriptions not available at the time of execution of this Agreement, shall be attached hereto and incorporated herein when obtained by Developer, such Legal Descriptions to substantially conform to the Parcels depicted in Exhibit F, attached hereto.**

Exhibit B-3
Proposed Acquisition Properties Map



TIF #4 Aerial Photograph

gisaidhoban\m\stoc\maps\tif\4



EXHIBIT C
Reimbursable Redevelopment Project Costs



a. Land acquisition and Relocation	\$15,820,000
Includes costs surveys, tests, fees and costs associated with acquisition and eminent domain proceedings and relocation	
b. Demolition	\$700,000
Includes asbestos abatement, demolition of buildings, obsolete utilities and pavement areas.	
c. Site Preparation, Paving, Infrastructure, and Utilities	\$2,000,000
Includes site re-grading, excavation for new structures, other environmental remediation, construction of storm water and sanitary sewers, waterlines, storm water detention, traffic signals, and road improvements.	
d. Professional Fees	\$1,700,000
Includes engineering, surveying, legal, planning, brokerage and consulting.	
e. Interest	\$500,000
f. Miscellaneous/Contingency	\$1,000,000
Includes contingency and miscellaneous building costs.	
Total Reimbursable Redevelopment Project Costs	\$21,720,000

EXHIBIT D
Form of Certificate of Completion

CERTIFICATE OF COMPLETION - _____ PROJECT

The undersigned, _____, a _____ (the "Developer"), pursuant to that certain Amended and Restated Redevelopment Agreement dated as of _____, 2006, between the Village of Arlington Heights, Illinois County, Illinois (the "Village"), and the Developer (the "Agreement"), hereby certifies to the Village as follows:

1. That as of _____, the construction, renovation, repairing, equipping and constructing of the _____ Project (as that term is defined in the Agreement) has been substantially completed in accordance with the Agreement.
2. The Developer is issuing this Certificate of Completion to the Village in accordance with the Agreement to evidence the Developer's satisfaction of all material obligations and covenants with respect to the _____ Project.
3. The acceptance (below) or the failure of the Village to object in writing to this Certificate within thirty (30) days of the date of delivery of this Certificate to the Village (which written objection, if any, must be delivered to the Developer prior to the end of such thirty (30) days) shall evidence the satisfaction of the Developer's agreements and covenants to perform the work and complete the _____ Project.

Upon such acceptance by the Village, the Developer may record this Certificate in the office of the Cook County Recorder of Deeds. This Certificate is given without prejudice to any rights against third parties which exist as of the date hereof or which may subsequently come into being. Terms not otherwise defined herein shall have the meaning ascribed to such terms in the Agreement.

IN WITNESS WHEREOF, the undersigned has hereunto set his/her hand this
___ day of _____, ____.

By: _____
Name: _____
Title: _____

ACCEPTED:

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

By: _____
Name: _____
Title: _____

(Insert Notary Form(s) and Legal Description)

EXHIBIT E
Form of Certificate of
Reimbursable Redevelopment Project Costs

CERTIFICATE OF REIMBURSABLE REDEVELOPMENT PROJECT COSTS

TO:

Village of Arlington Heights, Illinois
Office of Comptroller
33 South Arlington Heights Road
Arlington Heights, Illinois
Attention:

Re: Village of Arlington Heights, Illinois, Arlington Heights/Golf Road
Redevelopment Area

Terms not otherwise defined herein shall have the meaning ascribed to such terms in the Amended and Restated Redevelopment Agreement dated as of _____, 2006 (the "Agreement"), between the Village and _____, a GBA-SRES, LLC an Illinois limited liability company (the "Developer"). In connection with said Agreement, the undersigned hereby states and certifies that:

1. Each item listed on **Schedule 1** hereto is a Reimbursable Redevelopment Project Cost and was incurred in connection with the acquisition or construction of the _____ Project.
2. These Reimbursable Redevelopment Project Costs have been paid by the Developer and are reimbursable under the TIF Act, the Note Ordinance and the Agreement.
3. Each item listed on **Schedule 1** has not previously been paid or reimbursed from money derived from the Special Tax Allocation Fund or the Sales Tax Fund or any money derived from any project fund established pursuant to the Note Ordinance, and no part thereof has been included in any other certificate previously filed with the Village.
4. There has not been filed with or served upon the Developer any notice of any lien, right of lien or attachment upon or claim affecting the right of any person, firm or corporation to receive payment of the amounts stated in this request, except to the extent any such lien is being contested in good faith.
5. All necessary permits and approvals required for the portion of the Project for which this certificate relates have been issued and are in full force and effect.
6. All work for which payment or reimbursement is requested has been performed in accordance with the Concept Site Plan and the Agreement.

7. If any cost item to be reimbursed under this Certificate is deemed not to constitute a "redevelopment project cost" within the meaning of the TIF Act and the Agreement, the Developer shall have the right to substitute other eligible Reimbursable Redevelopment Project Costs for payment hereunder.

8. The Developer is not in default or breach of any material term or condition of the Agreement beyond the applicable cure period, if any.

Dated this ____ day of _____, _____.

By: _____
Name: _____
Title: _____

Approved for Payment this ____ day of _____, _____.

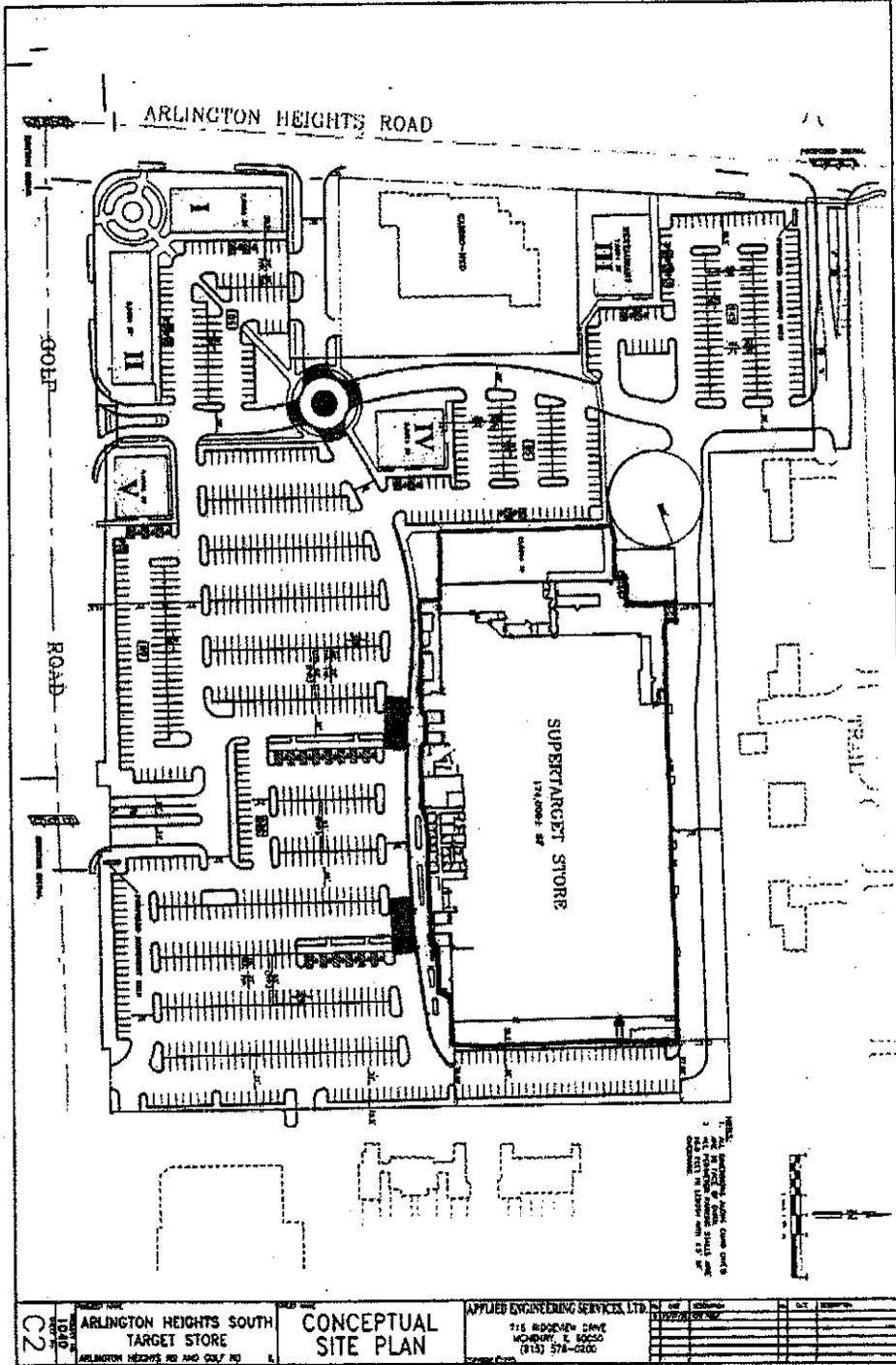
VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

By: _____
Name: _____
Title: _____

SCHEDULE 1

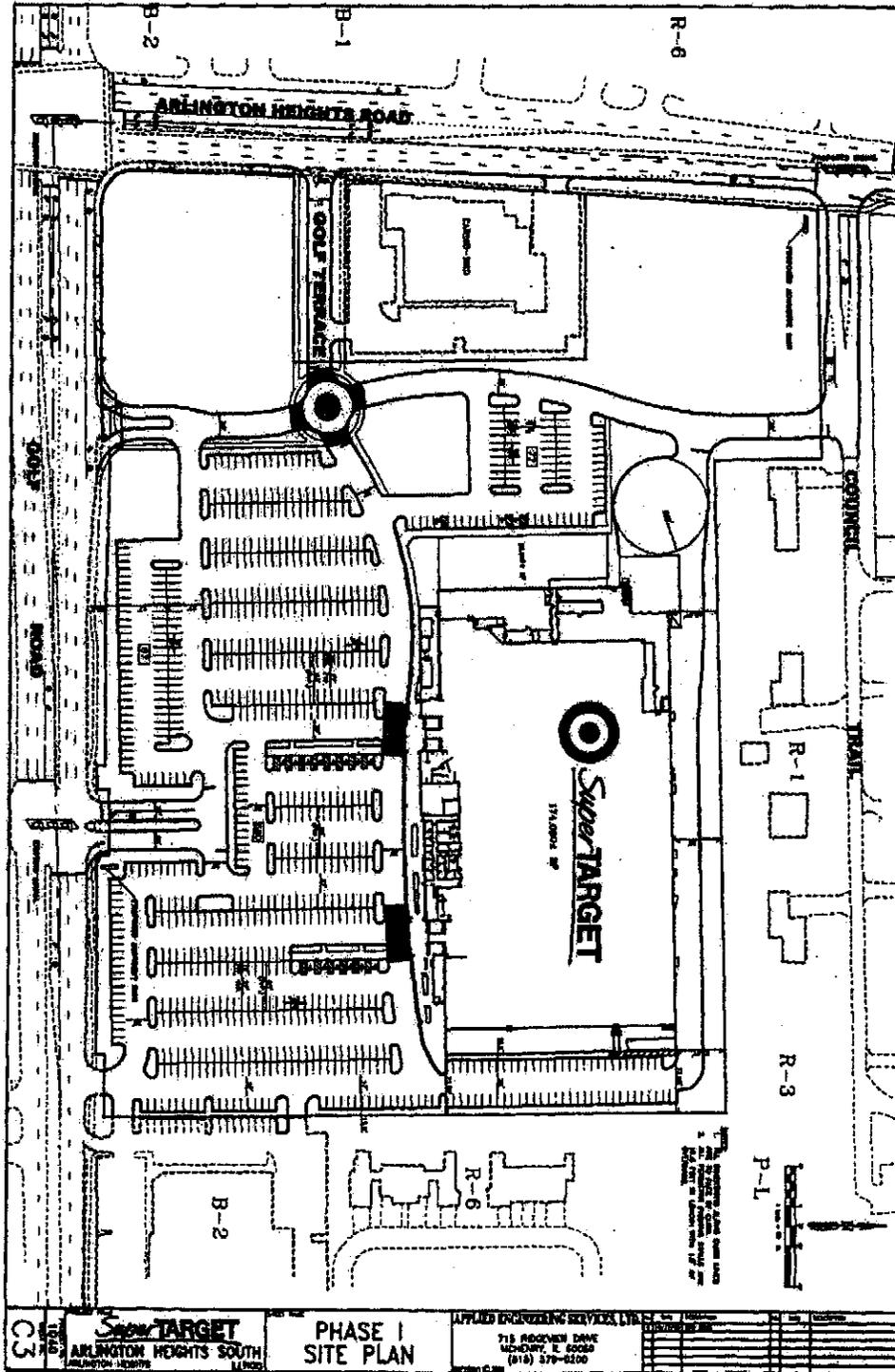
REIMBURSABLE REDEVELOPMENT PROJECT COSTS

EXHIBIT F
Concept Site Plan



<p>2</p>	<p>PROJECT NAME ARLINGTON HEIGHTS SOUTH TARGET STORE ARLINGTON HEIGHTS RD AND GOLF RD</p>	<p>CONCEPTUAL SITE PLAN</p>	<p>APPLIED ENGINEERING SERVICES, LTD. INC. 215 ADDISON DRIVE WILMINGTON, IL 60050 (815) 574-0200</p>	<p>DATE 12/22/97</p>	<p>BY [Signature]</p>
	<p>SCALE 1" = 40'</p>		<p>NO. OF SHEETS 1</p>	<p>TOTAL NO. OF SHEETS 1</p>	

**EXHIBIT F-1
CONCEPT SITE PLAN
TARGET PROJECT**



	PHASE I SITE PLAN	APPLIED ENGINEERING SERVICES, LTD. 715 ROCKWELL DRIVE MONROE, LA 70001 (504) 376-6100	DATE: _____ DRAWN BY: _____ CHECKED BY: _____ APPROVED BY: _____
		115,000 sq ft	

**EXHIBIT F-2
CONCEPT SITE PLAN
RESIDUAL PROJECT**

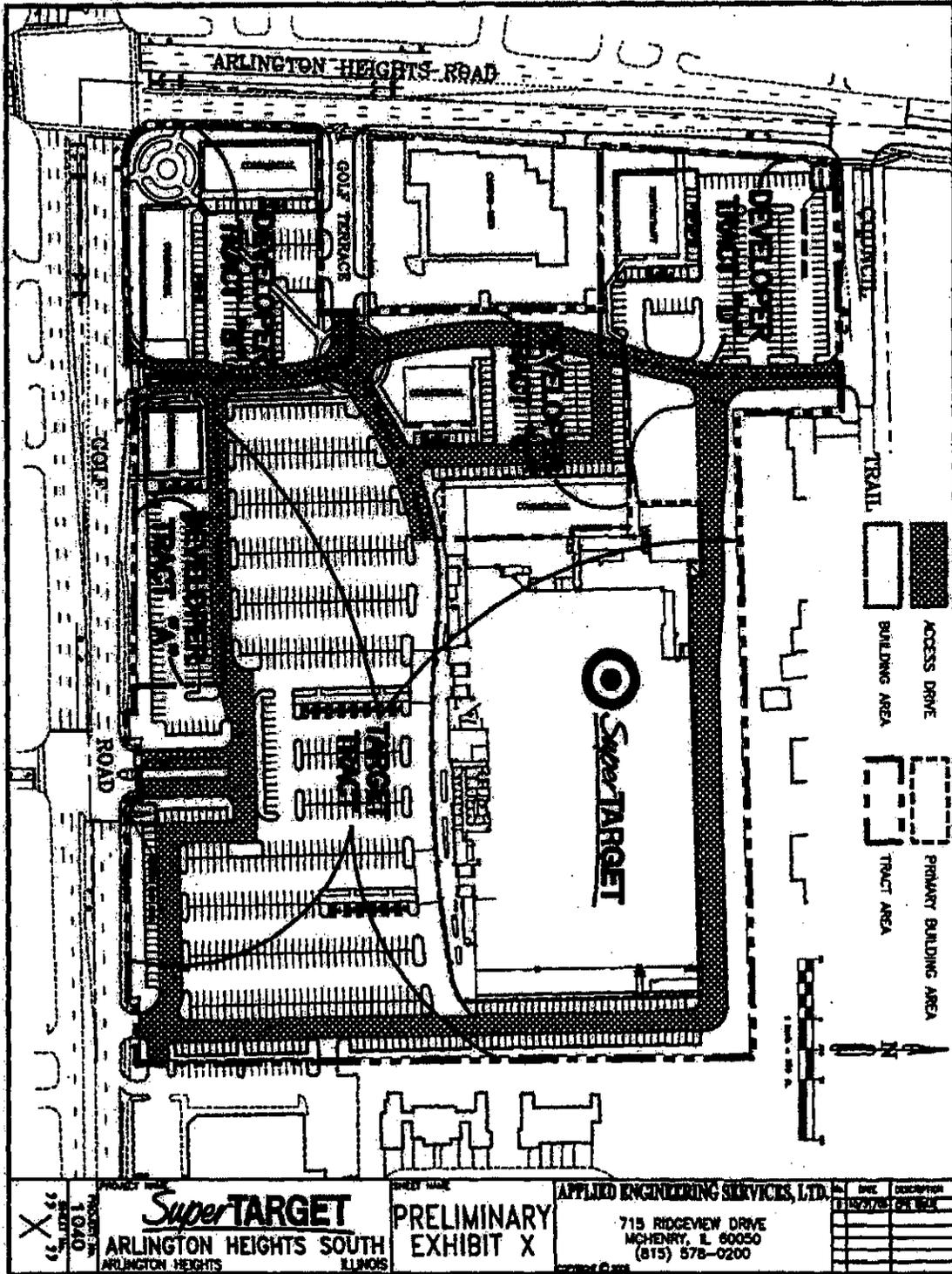


EXHIBIT G
TIF Note

STATE OF ILLINOIS
COUNTY OF COOK
VILLAGE OF ARLINGTON HEIGHTS

TAX INCREMENT ALLOCATION REVENUE NOTE
(ARLINGTON HEIGHTS ROAD/GOLF ROAD REDEVELOPMENT PROJECT AREA No. 4), SERIES 2006

SOLE NOTE:
REGISTERED
NO. ONE

MAXIMUM AMOUNT:
REGISTERED
\$19,000,000

KNOW ALL PERSONS BY THESE PRESENTS that the VILLAGE OF ARLINGTON HEIGHTS, COOK COUNTY, ILLINOIS (the "*Village*"), a municipality, home rule unit and body corporate and politic duly organized under the laws of the State of Illinois, for value received hereby acknowledges itself to owe and promises to pay (subject to mandatory and optional redemption as hereinafter provided) to the Registered Owner hereof, or registered assigns, the Outstanding Principal Amount of this Note, as hereinafter described, and interest on such Outstanding Principal Amount at a rate percent per annum which is equal to six percent (6.00%) (computed on the basis of a 360-day year of twelve 30-day months) in annual installments of principal and interest on December 30 of each year (each December 30 being an "*Interest Payment Date*") until paid, commencing on the first December 30 following the Dated Date on which funds are available and on deposit in the hereinafter defined 2006 Developer Account, with a final installment of principal and interest coming due at Final Maturity. "Final Maturity" means (A) the date on which the Village has made provision for or payment in full of all principal of and interest on this Note, (B) as to any payment on this Note from the hereinafter defined Limited

Incremental Property Taxes, the earlier to occur of (i) the date which is twenty (20) years after the Dated Date or (ii) December 31, 2026, or (C) if (i) the Village has not made provision for or payment in full of all principal of and interest on this Note on December 31, 2026, and (ii) the aggregate amount of Parcel 15 Pledged Revenue (as defined in the hereinafter defined Ordinance) received by the Village to and including December 31, 2026, was less than the aggregate amount of Parcel 15 Pledged Revenue projected in the Final Report (as defined in the Ordinance) to be received by the Village to and including December 21, 2026, the earlier of the date on which the Village has made provision for or payment in full of all such remaining principal of and interest on this Note or December 30, 2040. The "Outstanding Principal Amount" is that amount, not to exceed the Face Amount of this Note as set forth above, shown as advanced in even multiples of \$1,000 from time to time and received by the Village for value, as is noted on this Note in the form of Advances for Value hereon, less payments of principal hereon. The Dated Date hereof shall be deemed to be the first date on which the Outstanding Principal Amount equals not less than the sum of \$50,000, being _____, 20__.

Interest when due ("*Current Interest*") shall be paid from the later of the Dated Date or from the most recent Interest Payment Date to which interest has been paid or duly provided for, until the principal amount of the Note is paid or duly provided for, as provided from the hereinafter defined 2006 Developer Account of the hereinafter defined Special Tax Allocation Fund, and if funds on deposit therein and to the credit thereof are insufficient for such purpose, such failure to pay shall not in and of itself constitute an event of default, but such interest shall thereupon be recorded by the Note Registrar as Deferred Accrued Interest ("*Deferred Accrued Interest*"). Deferred Accrued Interest which is owing and unpaid shall itself bear interest at the Interest Rate. The order of payment of interest on this Note shall be *first*, Deferred Accrued Interest (including interest thereon), *second*, Current Interest, and *next*, mandatory redemption of

the Outstanding Principal Amount, as adjusted and shown as advanced in the form of Advances for Value hereon. Failure to pay when due any installment of Current Interest or any amount of Outstanding Principal Amount due to insufficiency of the hereinafter defined Pledged Moneys, whether at a regular Interest Payment Date, at Stated Maturity, Final Maturity or otherwise, shall in no event be deemed to be an event of default hereon. The Registered Owner of this Note, by acceptance hereof, hereby expressly agrees and acknowledges that (i) there may be Deferred Accrued Interest (including interest thereon) hereon, that is, that Current Interest may not have been paid, without any special notation having been made upon this Note, and (ii) the amounts due and payable of Outstanding Principal Amount hereof and interest hereon are subject to adjustment as provided in the hereinafter defined Redevelopment Agreement.

The principal of this Note shall be payable by check or draft in lawful money of the United States of America upon presentation at the principal office maintained for the purpose by the Village Treasurer, as paying agent and note registrar (the "*Note Registrar*"). Interest on this Note shall be paid to the Registered Owner hereof as shown on the Register at the close of business on the Record Date. Interest hereon shall be paid by check or draft of the Note Registrar, payable upon presentation thereof in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on the Register or at such other address furnished to the Note Registrar in writing or as directed by such Registered Owner, all as provided in the hereinafter defined Ordinance.

This Note is issued pursuant to Division 74.4 of Article 11 of the Illinois Municipal Code (the "*TIF Act*"), and all laws amendatory thereof and supplemental thereto, and specifically as supplemented by the Local Government Debt Reform Act, as amended, and the other Omnibus Bond Acts, as amended and as supplemented, and, where necessary, superseded, by the home rule powers of the Village under Section 6 of Article VII of the 1970 Constitution of Illinois

(collectively, the "*Act*"), and the principal of and interest, and premium, if any, hereon are payable solely from (i) a portion of the ad valorem taxes, if any, arising from the taxes levied upon taxable real property in the Village of Arlington Heights Arlington Heights Road/Golf Road Redevelopment Project Area No. 4 heretofore designated by the Village in accord with the provisions of the Act (the "*Redevelopment Project Area*") by any and all taxing districts or municipal corporations having the power to tax real property in the Redevelopment Project Area, which taxes are attributable to the increase in the then current equalized assessed valuation of each taxable lot, block, tract or parcel of real property in the Redevelopment Project Area over and above the initial equalized assessed value of each such piece of property, all as determined by the County Clerk of The County of Cook, Illinois, in accordance with the provisions of the TIF Act (the "*Incremental Property Taxes*") (said portion of the Incremental Property Taxes being the "*Limited Incremental Property Taxes*"), and on deposit in and pledged to the 2006 Developer Account of the Golf Road and Arlington Heights Road Special Tax Allocation Fund, Area Number 4 (the "*Special Tax Allocation Fund*") heretofore established by the Village in connection with the designation of the Redevelopment Project Area, (ii) the Parcel 15 Pledged Revenue (as defined in the hereinafter defined Ordinance), (iii) the Limited Incremental Sales Taxes (as defined in the Ordinance), and (iv) the investment earnings thereon (the Limited Incremental Property Taxes, the Parcel 15 Pledged Revenue, the Limited Incremental Sales Taxes and the investment earnings thereon being, collectively, the "*Pledged Moneys*" under the hereinafter defined Ordinance). This Note is being issued for the purposes of paying or reimbursing a portion of certain costs of a redevelopment project in the Redevelopment Project Area, all as more fully described in proceedings adopted by the President and Board of Trustees of the Village (the "*Corporate Authorities*") pursuant to the Act and in an ordinance authorizing the issuance of this Note adopted by the Corporate Authorities on the 6th day of February, 2006,

and authorizing the issuance hereof (the "*Ordinance*") and in that certain Amended and Restated Redevelopment Agreement dated as of _____, 2006, by and between the Village and GBA-SRES, LLC, an Illinois limited liability company, and relating to the Redevelopment Project Area (the "*Redevelopment Agreement*"), to all the provisions of which the holder by the acceptance of this Note assents. Under the Act, the Ordinance and the Redevelopment Agreement, the Incremental Property Taxes shall be deposited in the Special Tax Allocation Fund and the Limited Incremental Sales Taxes shall be deposited in the Limited Incremental Sales Tax Account. Except as otherwise provided in the Redevelopment Agreement, the Limited Incremental Property Taxes, if any, and the Parcel 15 Pledged Revenue, if any, on deposit in the 2006 Developer Account of the Special Tax Allocation Fund and the Limited Incremental Sales Taxes, if any, on deposit in the Limited Incremental Sales Tax Account shall be used first and are pledged for paying the principal of and interest on this Note and then in making any further required payments to any funds and accounts as provided by the terms of the Ordinance. Parity Notes may be issued as in the Ordinance provided. Terms used but not defined herein shall have the same meaning as provided in the Ordinance and the Redevelopment Agreement.

This Note is a term note and is subject to mandatory redemption by operation of the 2006 Developer Account of the Special Tax Allocation Fund at a price of par plus accrued interest without premium, on any date, whenever an annual Accounting shall demonstrate that there is on deposit in the 2006 Developer Account an amount in excess of the amount required to pay all Deferred Accrued Interest and to pay Current Interest due and payable during the Note Year commencing on the December 30 next succeeding such Accounting. The Note Registrar shall make provision for the mandatory redemption of this Note to the fullest extent practicable from such excess.

The Village covenants that it will cause the Note Registrar to redeem this Note pursuant to the mandatory redemption required for this Note. Proper provision for mandatory redemption having been made, the Village covenants that the Outstanding Principal Amount hereof to be redeemed shall be payable as at Stated Maturity.

This Note is also subject to redemption prior to maturity, at the option of the Village, in whole or in part, from any available funds, on any date, at the redemption price of par plus accrued interest to the date fixed for redemption, and as further provided in the Ordinance.

Upon surrender hereof at the principal office maintained for the purpose by the Note Registrar, accompanied by a written instrument or instruments of transfer in form satisfactory to the Note Registrar and duly executed by the Registered Owner or an attorney for such owner duly authorized in writing, the Note Registrar shall register this Note in the name of the new Registered Owner on the registration grid provided herein, and shall also enter the name and address of the new registered owner in the Note Registrar.

The person in whose name this Note is registered on the Note Register shall be deemed and regarded as the absolute owner hereof for all purposes, and payment of the principal of or interest hereon shall be made only to or upon the order of the Registered Owner hereof or the owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon this Note to the extent of the sum or sums so paid.

This Note, together with the interest thereon, is a limited obligation of the Village, payable solely from the Pledged Moneys and the amounts on deposit in and pledged to the 2006 Developer Account and the Limited Incremental Sales Tax Account as provided in the Ordinance and the Redevelopment Agreement. For the prompt payment of this Note, both principal and interest, as aforesaid, at maturity, the Pledged Moneys are hereby irrevocably pledged. THIS NOTE DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE VILLAGE WITHIN THE

MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. NO HOLDER OF THIS NOTE SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY TAXING POWER OF THE VILLAGE FOR PAYMENT OF PRINCIPAL HEREOF OR INTEREST HEREON. FAILURE TO PAY WHEN DUE ANY INSTALLMENT OF CURRENT INTEREST OR ANY AMOUNT OF DEFERRED ACCRUED INTEREST (INCLUDING INTEREST THEREON) OR OUTSTANDING PRINCIPAL AMOUNT DUE TO INSUFFICIENCY OF THE PLEDGED MONEYS, WHETHER AT STATED MATURITY, FINAL MATURITY OR OTHERWISE, SHALL IN NO EVENT BE DEEMED TO BE AN EVENT OF DEFAULT ON THIS NOTE.

The Village hereby expressly finds and determines that as to the Limited Incremental Property Taxes, the Final Maturity of this Note does not exceed the earliest of (i) the date which is twenty (20) years from the Dated Date; or (ii) the date which is December 31 of the year following the twenty-third (23rd) year from the date of designation by the Corporate Authorities of the Redevelopment Project Area.

It is hereby certified and recited that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this Note did exist, have happened, been done and performed in regular and due form and time as required by law, and the Village hereby covenants and agrees that it has made provision for the segregation of the Pledged Moneys and that it will properly account for said taxes and will comply with all the covenants of and maintain the funds and accounts as provided by the Ordinance and the Redevelopment Agreement.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Note Registrar.

The tables and forms following the signatures on this Note and entitled Advances for Value and Registered Owner Notation are an integral part of this Note as if in each case fully set forth at this place and are incorporated herein by this reference.

IN WITNESS WHEREOF the Village has caused this Note to be signed by the manual or duly authorized facsimile signatures of its President and by its Village Clerk and its corporate seal or a facsimile thereof to be hereunto affixed, all as of the date of delivery hereof, to wit, the ____ day of _____, 2006.

VILLAGE OF ARLINGTON HEIGHTS, COOK COUNTY, ILLINOIS

[SEAL]

By _____
President, Village of Arlington Heights, Cook County, Illinois

Attest:

Village Clerk, Village of Arlington Heights, Cook County, Illinois

Date of Authentication: _____, 2006

CERTIFICATE
OF
AUTHENTICATION

Note Registrar and Paying Agent: Village Treasurer, Village of Arlington Heights, Cook County, Illinois

This Note is the Note described in the within mentioned Ordinance and is the Tax Increment Allocation Revenue Note (Village Center Redevelopment Project), Series 2006, of the Village of Arlington Heights, Cook County, Illinois.

Village Treasurer, as Note Registrar

By _____

**STATE OF ILLINOIS
COUNTY OF COOK
VILLAGE OF ARLINGTON HEIGHTS**

**TAX INCREMENT ALLOCATION REVENUE NOTE
(ARLINGTON HEIGHTS/GOLF ROAD REDEVELOPMENT PROJECT AREA NO. 4), SERIES 2006**

**SOLE NOTE:
REGISTERED
NO. ONE**

**MAXIMUM AMOUNT:
REGISTERED
\$19,000,000**

REGISTERED OWNER NOTATION

This Note shall be registered on the Note Register of the Village kept for the purpose by the Village Treasurer, as Note Registrar. The principal and interest on this Note shall be payable only to or upon the order of the Registered Owner or such owner's legal representative. No registration hereof shall be valid unless signed by the Note Registrar.

DATE OF
REGISTRATION

NAME OF
REGISTERED OWNER

SIGNATURE OF
VILLAGE TREASURER

DATE OF REGISTRATION	NAME OF REGISTERED OWNER	SIGNATURE OF VILLAGE TREASURER
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

EXHIBIT H
Acquisition Request

Pursuant to Section _____ of the Amended and Restated Redevelopment Agreement dated _____, 2006 (the "Agreement") between GBA-SRES, LLC (the "Developer") and the Village of Arlington Heights, Cook County, Illinois, (the "Village"), the Developer hereby requests that the Village initiate proceedings to acquire the parcel(s) legally described below and identified as parcel(s) _____ in the Agreement.

The purchase price offered to the owner of the parcel _____ was _____ (\$_____).

The purchase price offered to the owner of the parcel _____ was _____ (\$_____).

The purchase price offered to the owner of the parcel _____ was _____ (\$_____).

Attached to this Request are copies of communications with the owners of such parcels, copies of proposed purchase contracts, and offers and counter-offers, if any, tendered to the owners.

GBS-SRES, LLC

By: _____

EXHIBIT I
Form of Legal Opinion

(To be placed on Village Letterhead)

_____, 2006

GBA-SRES, LLC
c/o Strategic Real Estate Services, Inc.
Attention: Steve Leonard
Two Northfield Plaza
Suite 320
Northfield, IL 60093

Target Corporation
1000 Nicollet Mall
TPN-12J
Minneapolis, Minnesota 55403
Attention: Law Department

Polsky & Associates
205 N. Michigan Avenue
41st Floor
Chicago, IL 60601-5924

**Re: Amended and Restated Redevelopment Agreement between the Village of
Arlington Heights, Cook County, Illinois and GBA-SRES, LLC**

Ladies and Gentlemen:

I have acted as counsel to the Village of Arlington Heights, Cook County, Illinois (the "Village") in connection with the execution by the Village of that certain Amended and Restated Redevelopment Agreement, dated _____, 2006, between GBA-SRES, LLC (the "Developer") and the Village (the "Redevelopment Agreement"), which provides for the execution and delivery of a Not to Exceed Nineteen Million Dollar Tax Increment Revenue Note, (Redevelopment Area Number 4) Series 2006 (the "TIF Note"). The Village has pledged the Pledged Revenues, as defined in the Redevelopment Agreement, to the payment of the TIF Note.

In connection with the issuance of this letter, I have examined, among other things, executed counterparts or copies identified to my satisfaction of each of the following:

1. Ordinance No. 02-049 "Approving a Tax Increment Redevelopment Plan and

Redevelopment Project for Approximately 35 Acres of Land at the Northeast corner of Golf Road and Arlington Heights Road”; (2) Ordinance No. 02-050 “Designating Approximately 35 Acres of Land at the Northeast Corner of Golf Road and Arlington Heights Road of Said Village a Redevelopment Project Area Pursuant to the Real Property Tax Increment Allocation Redevelopment Project Act”; (3) Ordinance No. 02-051 “Adopting Tax Increment Allocation Financing for approximately 35 Acres of Land at the Northeast Corner of Golf Road and Arlington Heights Road”; (4) Ordinance No. _____ Providing for the issuance of a not to exceed Nineteen Million Dollar Tax Increment Revenue Note (Redevelopment Project Area Number 4) Series 2006, and Ordinance No. _____ “Approving the Execution and Delivery of the Amended and Restated Redevelopment Agreement”. (Collectively the “TIF Ordinances”).

2. The tax increment redevelopment plan known as the “Village of Arlington Heights Arlington Heights Road/Golf Road Redevelopment Plan and Project No. 4” (the “Redevelopment Plan”).
3. The Redevelopment Agreement, dated as of _____;
4. The TIF Note.

Based upon and subject to the foregoing, I am of the opinion that:

1. The Village is a duly created and validly existing municipal corporation and home rule unit of local government under the Constitution and laws of the State of Illinois, with all requisite power and authority to enter into and perform its obligations under the Redevelopment Agreement and to issue the TIF Note.
2. The Redevelopment Plan was duly authorized and adopted by the Village in accordance with the Tax Increment Allocation Redevelopment Act, Sections 74.4-1 through 74.4-11 of the Illinois Compiled Statutes, as amended (the “TIF Act”).
3. The Arlington Heights Road/Golf Road Redevelopment Project Area No. 4 was duly designated as a redevelopment project area under the TIF Act in accordance with the terms of the TIF Act.
4. The Developer was duly selected by the Village and was duly authorized and approved by the Village, all in accordance with the TIF Act.
5. The Redevelopment Agreement was duly authorized, executed, and delivered by the Village, and constitutes a valid and legally binding obligation of the Village, enforceable in accordance with its terms.
6. The TIF Note was duly authorized and executed and constitutes a valid and legally binding obligation of the Village.

7. The Village undertook all material actions necessary, under Illinois law (including but not limited to the terms of the TIF Act), to approve and execute the Redevelopment Plan, designate the Redevelopment Project Area, adopt tax increment allocation financing in the Redevelopment Project Area, approve the Redevelopment Agreement, and issue the TIF Note.
8. The approval of the TIF Ordinances and the execution of and delivery of the Redevelopment Agreement and the performance of the terms thereof by the Village did not, at the time of approval and execution, violate any provision of Illinois law, specifically the TIF Act.
9. No additional or further approval, consent or authorization of any governmental or public agency or authority or person not then obtained was, at the time of approval of the TIF Ordinances and the Redevelopment Agreement, required under the terms of the TIF Act.
10. There is no action, suit, proceeding, inquiry or investigation at law or in equity or by any court, public board or body pending or, to the best of my knowledge, threatened against or affecting the Village, or, to my knowledge, any basis for such action, suit, proceeding or investigation, in any way contesting or affecting the validity of the establishment of the Redevelopment Project Area, or the validity of the Redevelopment Plan, or which questions the authority of the Village in connection with the Redevelopment Agreement or with the issuance of the TIF Note or the validity of the TIF Note, or wherein any unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Redevelopment Agreement or by the TIF Note or the validity or enforceability of the Redevelopment Agreement or the TIF Note.

Sincerely,

EXHIBIT J TENANT RELOCATION PLAN

Team

The development partnership of Gershman Brown and Strategic Real Estate Services has enlisted the services of Brian Properties to take primary responsibility for actual tenant discussions and negotiations. Jack and Robert Whisler will personally work on the project through completion. Gershman and Strategic will help Brian to set priorities, budgets and strategies as they proceed.

Methodology

Upon commencement of the acquisition process, the relocation team will begin speaking directly with tenants to ascertain each of their needs and desires. At this early stage, the team will need to work closely with legal counsel to ensure no contractual interference is perceived.

All participants will treat existing tenants, regardless of lease status, type of business, or time of previous occupancy in the space, with respect, dignity, and fairness. We recognize most, if not all of these tenants will be upset about their situation. Our goal is to make sure, to the best of our ability, that each tenant looks back on this relocation process positively.

Lease Evaluation

At the appropriate time in the process, existing leases will be made available to the relocation team. Upon evaluation and summary, a determination will be made as to which parties possess true long term leases, versus those with either month-to-month tenancies or longer terms with "kick-out" clauses that act like monthly commitments. I anticipate we will be more aggressive financially with true long term tenants than short term occupants, especially if those short term occupants came to their spaces after TIF #4 became public information.

Physical Relocation

Certain existing tenants will desire new addresses for their business, versus simple cash settlements. For those, Brian Properties will present a list of the then current retail vacancies in the area. Brian will seek to negotiate with landlords in these locations on behalf of the relocating tenants.

As they find appropriate locations for these tenants, lease rates will be fashioned to reflect type of business, financial wherewithal of the parties, and size requirements. We clearly anticipate some of the existing tenants will have difficulty finding locations which meet their specific circumstances. In this case, we will, as a team, determine what other compensation we may be able to offer to be as fair as possible.

Retained Tenants

Regarding the new small tenant spaces to be developed in the project, those tenants who can meet the minimum requirements for tenancy as set by the development team and the project lender, will be offered locations.

EXHIBIT K
Form of Notice of Election

To: Village of Arlington Heights, Illinois
Office of Village Manager
33 South Arlington Heights Road
Arlington Heights, Illinois

Attention: _____

Re: **Notice of Election** - Village of Arlington Heights, Cook County, Illinois, Arlington Heights/Golf Road Redevelopment Area No.4.

_____, LLC (the "Developer") hereby delivers this Notice to the Village of Arlington Heights, Cook County, Illinois (the "Village") of its election to/Not to proceed with the acquisition of the Parcel identified as Parcel number _____ on Exhibit B-3 to the Amended and Restated Redevelopment between the Developer and the Village, dated _____, 2006 (the "Agreement") and legally described below.

_____, LLC

By: _____

EXHIBIT L
Form of Due Diligence Notice

To: Village of Arlington Heights, Illinois
Office of Comptroller
33 South Arlington Heights Road
Arlington Heights, Illinois

Attention: _____

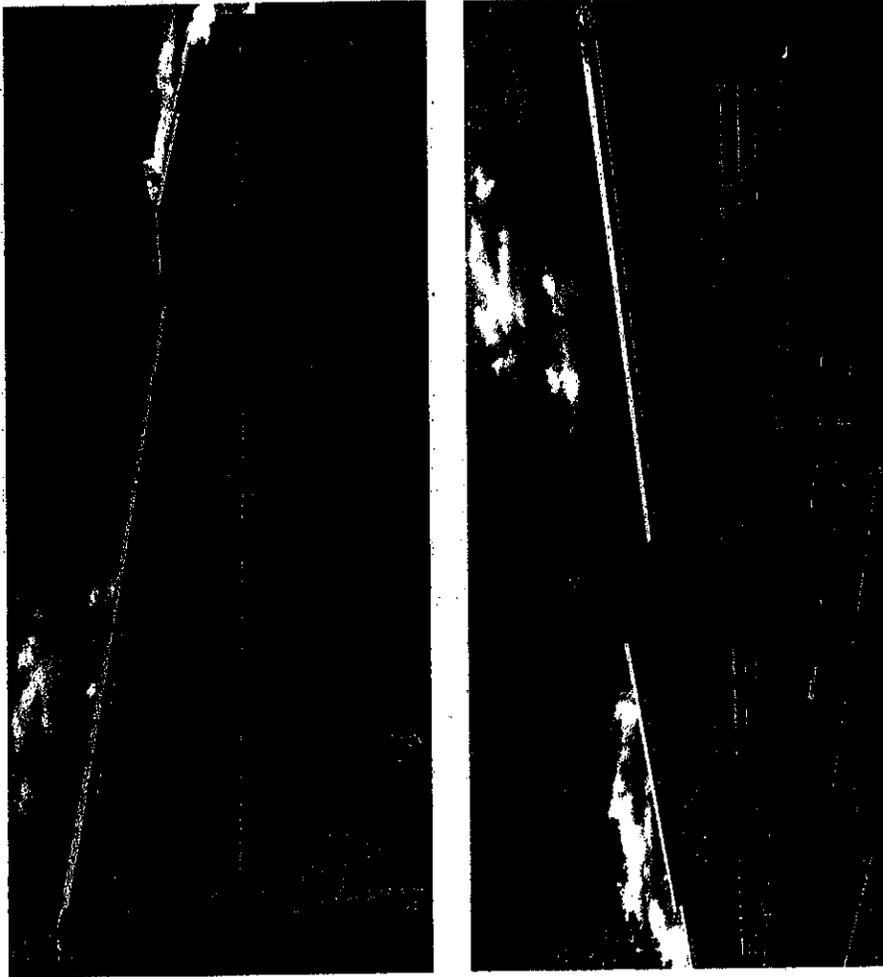
Re: **Due Diligence Notice** - Village of Arlington Heights, Cook County, Illinois,
Arlington Heights/Golf Road Redevelopment Area No.4

_____, LLC (the "Developer") hereby delivers this Notice to the Village of
Arlington Heights, Cook County, Illinois (the "Village") of its election to terminate the
[settlement agreement/ eminent domain/ proceedings] for the Parcel identified as
Parcel number _____ on Exhibit B-3 to the Amended and Restated Redevelopment
Agreement between the Village and the Developer, dated _____, 2006 and legally
described below for the reasons stated below:

_____, LLC

By: _____

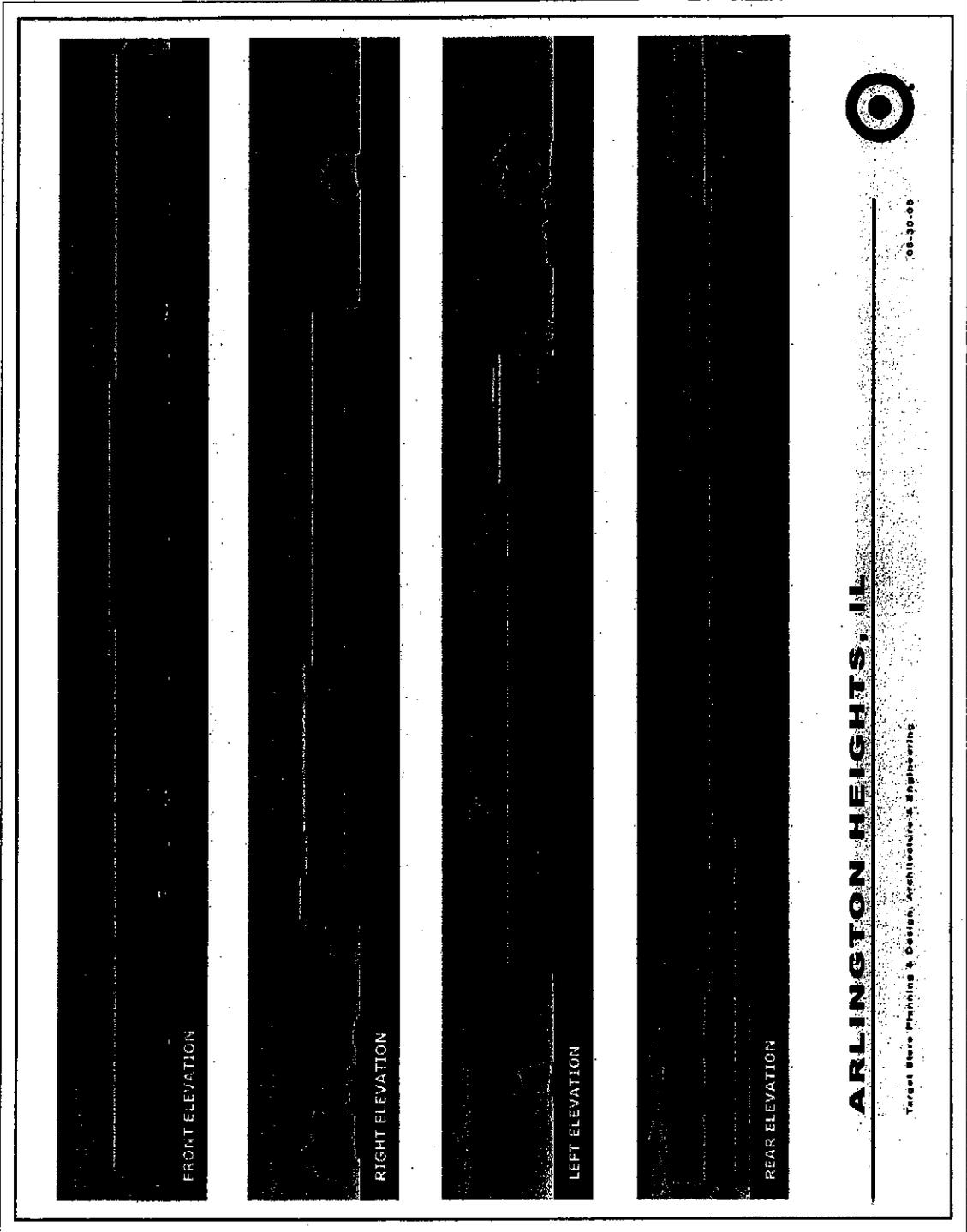
EXHIBIT M
Elevations of SuperTarget Store



ARLINGTON HEIGHTS, IL

Target Store Planning & Design, Architecture & Engineering

06-30-05



FRONT ELEVATION

RIGHT ELEVATION

LEFT ELEVATION

REAR ELEVATION

ARLINGTON HEIGHTS, II

Target Elevations & Design, Architecture & Engineering



06-330-00

EXHIBIT N
Signage of SuperTarget Store and Project

PHARMACY
 SIGN SPECIFICATIONS - FRONT SIGNAGE
 30" H x 24" W
 COLOR: White background with black text
 FONT: Helvetica, 12pt
 MOUNTING: 1/2" aluminum channel with black foam
 BACKING: 1/2" foam board, 1/2" foam board
 FINISH: Matte black powder coat

GROCERY
 SIGN SPECIFICATIONS - FRONT SIGNAGE
 30" H x 24" W
 COLOR: White background with black text
 FONT: Helvetica, 12pt
 MOUNTING: 1/2" aluminum channel with black foam
 BACKING: 1/2" foam board, 1/2" foam board
 FINISH: Matte black powder coat

TARGET
 SIGN SPECIFICATIONS - FRONT SIGNAGE
 30" H x 24" W
 COLOR: White background with black bullseye
 FONT: Helvetica, 12pt
 MOUNTING: 1/2" aluminum channel with black foam
 BACKING: 1/2" foam board, 1/2" foam board
 FINISH: Matte black powder coat

PHARMACY
 SIGN SPECIFICATIONS - FRONT SIGNAGE
 30" H x 24" W
 COLOR: White background with black text
 FONT: Helvetica, 12pt
 MOUNTING: 1/2" aluminum channel with black foam
 BACKING: 1/2" foam board, 1/2" foam board
 FINISH: Matte black powder coat

GROCERY
 SIGN SPECIFICATIONS - FRONT SIGNAGE
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 FONT: Helvetica, 12pt
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 BACKING: 1/2" foam board, 1/2" foam board
 FINISH: Matte black powder coat

TARGET
 SIGN SPECIFICATIONS - FRONT SIGNAGE
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 FONT: Helvetica, 12pt
 MOUNTING: 1/2" aluminum channel with black foam
 BACKING: 1/2" foam board, 1/2" foam board
 FINISH: Matte black powder coat

LETTER DETAIL

PHARMACY
 SIGN SPECIFICATIONS - FRONT SIGNAGE
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ATTACHMENT F and K

(TIF IV)

See Attached.



998 Corporate Boulevard • Aurora, IL 60502

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the Board of Trustees
Village of Arlington Heights
Arlington Heights, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Arlington Heights, Illinois, as of and for the year ended April 30, 2007, which collectively comprise the Village of Arlington Heights, Illinois' basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Village of Arlington Heights, Illinois' management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Arlington Heights, Illinois, as of April 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2007 on our consideration of Village of Arlington Heights, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the other required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Arlington Heights, Illinois' basic financial statements. The combining and individual fund financial statements and schedules and supplemental data as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and supplemental data have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections listed in the table of contents were not audited by us, and accordingly, we do not express an opinion thereon.

Rich LLC

Aurora, Illinois
September 24, 2007

External Financial
Statements

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

TIF IV FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended April 30, 2007
(With Comparative Actual for 2006)

	2007		2006 Actual
	Original Budget	Final Budget	
REVENUES			
Property taxes	\$ 163,000	\$ 163,000	\$ 340,233
Investment income	5,000	5,000	18,768
Total revenues	168,000	168,000	359,001
EXPENDITURES			
Current			
Community development			
Contractual services	100,000	100,000	65,229
Total expenditures	100,000	100,000	65,229
NET CHANGE IN FUND BALANCE	\$ 68,000	\$ 68,000	293,772
FUND BALANCE, MAY 1			549,942
FUND BALANCE, APRIL 30			\$ 714,243

(See independent auditor's report.)

Village of Arlington Heights
Analysis of T.I.F. IV Fund
For the Fiscal Year Ended April 30, 2007

Beginning Balance May 1, 2006: \$549,942

Deposits:

Property Taxes	339,738
State Sales Tax	0
Local Sales Tax	0
Interest	41,634
Loan Repayments	0
Miscellaneous	0

Total 381,372

Balance plus Deposits \$931,314

Expenditures:

Redevelopment	217,071
Service charge	0
Debt Service	0
Bond Issuance Costs	0

Total 217,071

Ending Balance April 30, 2007: \$714,243

Ending Balance by Source:

Property Tax 714,243

714,243

Fund Balance by Source and by Year for Determining Surplus Allocations
 Village of Arlington Heights -- T.I.F. IV
 REPORT YEAR (ENDING YR)

SOURCE YEAR	BALANCE 2006	BALANCE 2007	BALANCE 2008	BALANCE 2009	BALANCE 2010
2003-2004					
PROPERTY	23,038	0			
LOCAL SALES	0	0			
STATE SALES	0	0			
INTEREST	0	0			
BOND PROCEED	0	0			
OTHER	0	0			
TOTAL	23,038	0			
2004-2005					
PROPERTY	162,403	0			
LOCAL SALES	0	0	0		
STATE SALES	0	0	0		
INTEREST	0	0	0		
BOND PROCEED	5,500	0	0		
OTHER	0	0	0		
TOTAL	167,903	0	0		
2005-2006					
PROPERTY	340,233	332,871	0		
LOCAL SALES			0	0	
STATE SALES			0	0	
INTEREST	18,768		0	0	
BOND PROCEED			0	0	
OTHER			0	0	
TOTAL	359,001	332,871	0	0	
2008-09					
PROPERTY		339,738		0	0
LOCAL SALES				0	0
STATE SALES				0	0
INTEREST		41,634		0	0
BOND PROCEED				0	0
OTHER				0	0
TOTAL		381,372		0	0
2009-10					
PROPERTY					0
LOCAL SALES					0
STATE SALES					0
INTEREST					0
BOND PROCEED					0
OTHER					0
TOTAL					0
ENDING BALANCE	549,942	714,243	0	0	0

Balance required for debt service and additional redevelopment projects.

Village of Arlington Heights
Additional T.I.F. IV Information
Fiscal 2007 Annual Report

Initial Equalized Assessed Valuation	\$5,971,996
Current Equalized Assessed Valuation (2005)	\$11,549,343
Incremental revenues generated from 2005 EAV	\$440,778
Incremental revenues generated from previous year EAV	388,718
Annual change	<u>\$52,060</u>

Breakdown of change by taxing district:

Cook County & Forest Preserve	\$1,953
Metropolitan Reclamation District of Greater Chicago	495
Municipality	10,700
School District(s)	36,109
Park District(s)	2,385
Other	417
Total	<u>\$52,060</u>

TIF IV

<u>2005</u>	<u>Rate</u>	<u>2004</u>	<u>2005</u>	<u>Variance</u>
0.612	Cook Cty	32,180	34,133	1,953
0.315	MSD	17,074	17,569	495
1.187	Mun	55,503	66,203	10,700
5.265	Schools	257,538	293,647	36,109
0.453	Park	22,880	25,265	2,385
0.071	Other	3,543	3,960	417
<u>7.903</u>		<u>388,718</u>	<u>440,778</u>	<u>52,060</u>

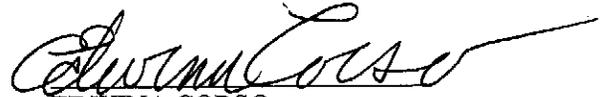
11,549,343	- 2005 EAV
<u>(5,971,996)</u>	- Base
<u>5,577,347</u>	- Increase from Base

ATTACHMENT I

(TIF IV)

I, EDWINA CORSO, Village Clerk, do hereby certify that the Village of Arlington Heights, County of Cook, State of Illinois, did not authorize any obligations between May 1, 2006 and April 30, 2007, in Tax Increment Financing District Number IV.

November 8, 2007

A handwritten signature in cursive script, appearing to read "Edwina Corso", written in black ink.

EDWINA CORSO
Village Clerk