

CITY OF EVANSTON
TAX INCREMENT FINANCING DISTRICT NO. 5
HOWARD RIDGE DISTRICT
ANNUAL REPORT FOR THE FISCAL YEAR
BEGINNING JANUARY 1, 2013 AND ENDING DECEMBER 31, 2013

***CITY OF EVANSTON HOWARD AND RIDGE TIF DISTRICT ANNUAL REPORT FOR FISCAL YEAR
BEGINNING JANUARY 1, 2013 AND ENDING DECEMBER 31, 2013***

City of Evanston

**Tax Increment Financing District No. 5
Howard Ridge TIF District
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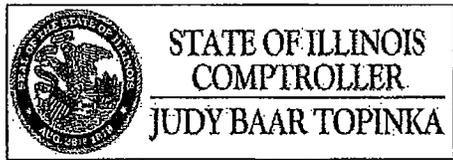
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Section 1. Name of Redevelopment Project Area and Contact Information

Refer to chart attached.

**FY 2013
ANNUAL TAX INCREMENT FINANCE
REPORT**



Name of Municipality: Evanston Reporting Fiscal Year: **2013**
 County: Cook Fiscal Year End: **12/31/2013**
 Unit Code: 016/175/30

TIF Administrator Contact Information

First Name: Martin Last Name: Lyons
 Address: 2100 Ridge Avenue Title: TIF Administrator
 Telephone: 847/328-2100 City: Evanston Zip: 60210-2798
 Mobile _____ E-mail: mlyons@cityofevanston.org
 Mobile Provider _____ Best way to contact Email Phone
 _____ Mobile Mail

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

[Signature] *[Signature]*

 Written signature of TIF Administrator Date

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

FILL OUT ONE FOR EACH TIF DISTRICT		
Name of Redevelopment Project Area	Date Designated	Date Terminated
Downtown II TIF District (Research Park)-TIF1	1/28/1985	10/12/2009
Southwest TIF District- TIF 2	6/25/1990	
Howard Hartrey TIF District - TIF 3	4/27/1992	
Washington National TIF District - TIF 4	9/1/1994	
Howard and Ridge TIF District - TIF 5	1/26/2004	
West Evanston - TIF 6	9/1/2005	
Dempster Dodge TF District No. 7	6/25/2012	
Chicago Main TIF District No. 8	1/28/2013	

*All statutory citations refer to one of two sections of the Illinois Municipal Code: the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]

**SECTION 2 [Sections 2 through 5 must be completed for each redevelopment project area listed in Section 1.]
FY 2013**

Name of Redevelopment Project Area:	Howard Ridge TIF 5
Primary Use of Redevelopment Project Area*:	Combination Mixed
If "Combination/Mixed" List Component Types:	Retail Residential
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 <input type="checkbox"/>

	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
A list of all intergovernmental agreements in effect in FY 2010, to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)] If yes, please enclose list only of the intergovernmental agreements labeled Attachment M	X	

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

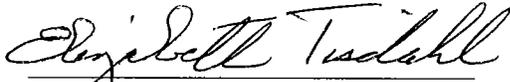
Attachment A Amendments to the Redevelopment Plan, the Redevelopment Project
and/or the Area Boundary

There were no amendments to the Redevelopment Plan or to the Redevelopment Project Area within the reporting Period.

Attachment B Certification of the Mayor of the municipality that the municipality has complied with all of the requirements of the Act during the reporting Period.

Re: Howard and Ridge TIF District

I, Elizabeth Tisdahl, the duly elected Mayor of the City of Evanston, County of Cook, State of Illinois, do hereby certify that to the best of my knowledge, the City of Evanston complied with the requirements pertaining to the Illinois Tax Increment Redevelopment Allocation Act during the Fiscal Year beginning January 1, 2013 and ending December 31, 2013.



MAYOR

7-29-14

DATE

Attachment C Opinion of legal counsel that the municipality has complied with the Act.

RE: Attorney Review City of Evanston Howard and Ridge TIF District

To Whom It May Concern:

This will confirm that I am the City Attorney for the City of Evanston, Illinois. I have reviewed all information provided to me by the City staff and consultants, and I find that the City of Evanston has conformed to all applicable requirements of the Illinois Tax Increment Redevelopment Allocation Act set forth thereunder for the Fiscal Year beginning January 1, 2013 and ending December 31, 2013 to the best of my knowledge and belief.

Sincerely,



Corporation Counsel

Attachment D Statement setting forth all activities undertaken in furtherance of the objectives of the Redevelopment Plan, including:

- A. Any project implemented during the reporting Period; and
- B. A description of the redevelopment activities undertaken.

The City continued to monitor the 195 unit rental housing development (located at 415 Howard St.). The City's role is to rebate all of the incremental real estate taxes through a redevelopment agreement to address certain TIF eligible extraordinary costs, but only upon achievement of a 90% occupancy level.

The City also entered into a construction grant agreement and a lease relating to property located at 623 – 627 1/2 Howard (Peckish One LLC). The grant would assist in the provision of tenant improvements up to \$200,000 as part of the renovation of the facilities and the 5 year lease of the property.

Attachment E Description of Agreements Regarding Property Disposition or Redevelopment

The City also entered into a construction grant agreement and a lease relating to property located at 623 – 627 1/2 Howard (Peckish One LLC). The grant would assist in the provision of tenant improvements up to \$200,000 as part of the renovation of the facilities and the 5 year lease of the property. The agreements are attached as Exhibit A.

Attachment F Additional Information on Uses of Funds Related to Achieving Objectives of the Redevelopment Plan

The City continued to monitor the residential project implementation described in Attachment D. In addition to monitoring ongoing projects, the City also approved façade improvement agreements and a lease relating to the use of City owned property.

Attachment G Information Regarding Contracts with TIF Consultants.

The City utilized Kane, McKenna and Associates, Inc. in order to prepare the annual report. Fees were based upon hourly rates for services rendered and did not include contingent payments. Kane McKenna did not enter into contracts with any entities that were party to City redevelopment agreements.

Attachment H Reports Submitted by Joint Review Board.

No reports were submitted by the Joint Review Board. The Board met on December 5, 2013. Minutes of the meeting are attached as Exhibit B.

Attachment I Summary of any obligations issued by the municipality and official statements

No new obligations were issued by the City in the reporting Period.

Attachment J Financial Analysis: TIF Obligations

No financial analysis was undertaken in the reporting Period, as no new obligations or agreements were approved by the City.

Attachment K and L

For special tax allocation funds that have experienced cumulative deposits of incremental tax revenues of \$100,000 or more, a certified audit report reviewing compliance with the Act performed by an independent public accountant certified and licensed by the authority of the State of Illinois. The audit report shall contain a letter from the independent certified public accountant indicating compliance or noncompliance with the requirements of subsection (q) of Section 11-74.4-3.

Relevant portions of the City's audit and the compliance letter are attached as Exhibit C.

Attachment M Intergovernmental Agreements

Not applicable.

Section 3.1 Analysis of Special Tax Allocation Fund

Refer to table attached.

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

FY 2013

TIF NAME: Howard Ridge TIF No. 5

Fund Balance at Beginning of Reporting Period \$ 1,055,510

Revenue/Cash Receipts Deposited in Fund During Reporting FY:	Reporting Year	Cumulative*	% of Total
Property Tax Increment	\$ 194,881	\$ 2,795,581	96%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	\$ 344	\$ 13,541	0%
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)	\$ 33,014	\$ 97,789	3%

*must be completed where 'Reporting Year' is populated

Total Amount Deposited in Special Tax Allocation Fund During Reporting Period \$ 228,239

Cumulative Total Revenues/Cash Receipts \$ 2,906,911 100%

Total Expenditures/Cash Disbursements (Carried forward from Section 3.2) \$ 895,132

Distribution of Surplus

Total Expenditures/Disbursements \$ 895,132

NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS \$ (666,893)

FUND BALANCE, END OF REPORTING PERIOD* \$ 388,617

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

Total Amount Designated (Carried forward from Section 3.3) \$ (2,611,383)

Section 3.2 Itemized List of Expenditures from Special Tax Allocation Fund

Refer to tables attached.

SECTION 3.2 A- (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))

FY 2013

TIF NAME: Howard Ridge TIF No. 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)]	Amounts	Reporting Fiscal Year
1. Costs of studies, administration and professional services--Subsections (q)(1) and (o) (1)		
TIF Reimbursements	168,900	
Housing and Economic Development	726,232	
		\$ 895,132
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 of existing public or private 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		
		\$ -

SECTION 3.2 A

PAGE 3

14. Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects. Subsection (q)(11)(A-E) and (o)(13)(A-E)		
		\$ -
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		\$ 895,132

Section 3.3 Special Tax Allocation Fund Balance (end of reporting period).

Refer to table attached.

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

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

FY 2013

TIF NAME: Howard Ridge TIF No. 5

FUND BALANCE, END OF REPORTING PERIOD \$ 388,617

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

Total Amount Designated for Obligations \$ - \$ -

2. Description of Project Costs to be Paid

TIF eligible cost reimbursement		\$ 2,000,000
Redevelopment project costs		\$ 1,000,000

Total Amount Designated for Project Costs \$ 3,000,000

TOTAL AMOUNT DESIGNATED \$ 3,000,000

SURPLUS*/(DEFICIT) \$ (2,611,383)

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

Section 4.0 A description of all property purchased by the municipality within the Redevelopment Project Area including:

- A. Street Address
- B. Approximate size or description of property
- C. Purchase Price
- D. Seller of property

Not applicable.

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

FY 2013

TIF NAME: Howard Ridge TIF No. 5

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 5.0 Review of Public and Private Investment.

Refer to table attached.

SECTION 5 - 65 ILCS 5/11-74.4-5 (d) (7) (G) and 65 ILCS 5/11-74.6-22 (d) (7) (G)
PAGE 1

FY 2013

TIF NAME: Howard Ridge TIF No. 5

SECTION 5 PROVIDES PAGES 1-3 TO ACCOMMODATE UP TO 25 PROJECTS. PAGE 1 MUST BE INCLUDED WITH TIF REPORT. PAGES 2-3 SHOULD BE INCLUDED ONLY IF PROJECTS ARE LISTED ON THESE PAGES

Check here if NO projects were undertaken by the Municipality Within the Redevelopment Project Area:			
ENTER total number of projects undertaken by the Municipality Within the Redevelopment Project Area and list them in detail below*.			4
TOTAL:	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ 549,330
Public Investment Undertaken	\$ -	\$ -	\$ 349,330
Ratio of Private/Public Investment	0		1 4/7

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

415 Howard to be provided			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 2:

Ward Eight Wine Bar			
Private Investment Undertaken (See Instructions)			\$ 130,000
Public Investment Undertaken			\$ 130,000
Ratio of Private/Public Investment	0		1

Project 3:

607 Howard LLC			
Private Investment Undertaken (See Instructions)			\$ 19,330
Public Investment Undertaken			\$ 19,330
Ratio of Private/Public Investment	0		1

Project 4:

Peckish Plg			
Private Investment Undertaken (See Instructions)			\$ 400,000
Public Investment Undertaken			\$ 200,000
Ratio of Private/Public Investment	0		2

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

EXHIBIT A

COMMERCIAL LEASE AND OPTION AGREEMENT

This Lease and Option Agreement (the "Agreement"), made on this 18 day of March, 2013 (the "Effective Date"), by and between The City of Evanston, an Illinois home rule municipality ("Landlord"), whose main business office is located at 2100 Ridge Avenue, Evanston, Cook County, Illinois, and Peckish One LLC, an Illinois limited liability company ("Tenant"), of Evanston, Illinois. Landlord and Tenant may be referred to as a "Party" and collectively as the "Parties".

SECTION 1: DESCRIPTION OF PROPERTY

A. Property. Landlord is the fee simple owner of certain real property in the City of Evanston, State of Illinois, containing approximately 10,177.45 square feet (0.23 acres) of land as legally described in **Exhibit A** attached hereto and hereby incorporated herein and with the common address of 623-627 1/2 Howard Street, Evanston, Illinois 60202 (the "Property"). Landlord does hereby demise and lease, all of the Property to Tenant, including the commercial building thereon as further defined herein (the "Building"), and as further improved by Landlord, for Tenant's exclusive use and control, pursuant to the terms and conditions of this Agreement. Unless specified otherwise, the term Property as used hereinafter shall include the Building. Landlord leases to Tenant the free-standing building to be renovated by Tenant on the Property in accordance with the terms of this Lease.

B. Rights to Use Property. Landlord hereby grants Tenant the exclusive right to use, control and manage at no additional cost to Tenant, all portions of the Property and permit others, in the sole reasonable discretion of Tenant, the right to use the Property throughout the Term hereof, provided that the use is in conformance with the terms of this Agreement, including the Permitted Use.

C. Right to Sublease. Tenant shall not have the right to sublet any part of the Property.

SECTION 2: TERM

Subject to the provisions of this Agreement, the "Term" shall commence on the Effective Date and expire 5 years (60 months) after the Effective Date. The Term shall not be renewed, except by written agreement of the Parties and by approval of the City Council.

SECTION 3: RENT

A. Rent. Commencing on the Effective Date of this Agreement, Tenant agrees to pay to Landlord monthly rental payments in accordance with the schedule attached as **Exhibit B** and continuing through the last day of the fifth (5th) year of the Term. Tenant shall remit payment on or before the first (1st) day of each calendar month during the Term. At Tenant's option, Tenant may elect to accelerate the rent payments and increase the rent amounts due under this Agreement but Tenant shall be under no obligation to do so.

B. Late Charges. Any payments for rent not paid within five (5) days of the due date shall incur a late payment of \$10.00 per day until paid in full.

C. Payments. Rent payments shall be mailed to:
City of Evanston
Attn: Dept. of Administrative Services
2100 Ridge Avenue, Room 4100
Evanston, IL 60201

SECTION 4: SECURITY DEPOSIT

Concurrently with the execution of this Agreement, Tenant shall deposit with Landlord the sum of Five Thousand Five Hundred and 00/100 Dollars (\$5,500.00). Said sum shall be held by Landlord as security for the performance of all terms, covenants and conditions of this Lease to be performed by Tenant. If Tenant materially defaults with respect to any provisions of this lease, Landlord may at its option apply all or any portion of such deposit to compensate Landlord for any loss or damage it may sustain. Landlord shall not be required to keep this security deposit separate from its general funds and Tenant shall not be entitled to any interest on such deposit. At the termination of this Agreement, Landlord shall refund the said security deposit to Tenant. In the event Tenant has breached any of the terms, covenants and conditions of this Agreement or fails to leave the Property in substantially the same condition as when Tenant took possession, normal wear and tear excepted, Landlord shall be entitled to deduct from the security deposit the amount expended by Landlord for necessary and reasonable repairs. Tenant shall not use the security deposit as the last month's rental payment. The Landlord shall itemize the deductions from the Security Deposit, if any.

SECTION 5: OPTION TO PURCHASE PROPERTY:

A. General. Tenant initially is a Tenant of the Property which is owned by Landlord. As such, Tenant's monthly payments are rental payments. Tenant shall have an option to purchase the Property so long as the Tenant is occupying and leasing the Property and is otherwise in compliance with the terms of this Agreement at the end of the fourth year (48 months) (the "Option"). Tenant must submit written notification to Landlord that it intends to exercise the Option within sixty (60) days of expiration of the fourth year, thus notice must be sent on or before the beginning of the forty-sixth (46th) month of the Lease (the "Option Period"). If Tenant elects NOT to exercise the Option by the end of the Option Period, the following are applicable: (1) the Landlord is freely able to market, enter into a contract, and sell the Property to another purchaser; (2) Tenant shall remain a Tenant of the Property for the remainder of the term of the Agreement; and (3) Tenant shall not have the option to purchase the Property. Notwithstanding the foregoing, Tenant may elect to exercise this Option at any time prior to the expiration of the Option Period.

B. Purchase Price. The purchase price of this Property will be \$675,000.00 (the "Purchase Price"). The Purchase Price is based on the City's original purchase price of the Property of Four Hundred Seventy Five Thousand Dollars (\$475,000.00) and the TIF Grant funds used to improve the Property Two Hundred Thousand Dollars (\$200,000.00).

(1) Appraisals: If the Tenant elects to exercise the Option, Tenant and Landlord shall be entitled to obtain independent appraisals of the Property. If the Tenant and the Landlord cannot agree on which appraisal to use to establish the Purchase Price, the average of the two (2) appraisals shall be used as the Purchase Price. However, if the Purchase Price as determined through the appraisal process is less than Six Hundred Seventy Five Thousand Dollars (\$675,000), the Tenant may purchase the Property for that lesser price. If the Purchase Price as determined through the appraisal process is greater than Six Hundred Seventy Five Thousand Dollars (\$675,000), the Tenant shall still pay Six Hundred Seventy Five Thousand Dollars (\$675,000) to purchase the property and not more.

(2) Performance Incentive: Landlord shall provide Tenant with an incentive to finish the construction of the improvements, issue timely payments for rent, real estate taxes and City of Evanston water bills. Landlord shall agree to reduce the

Purchase Price by Fifty Thousand Dollars (\$50,000), only if the Tenant accomplishes the following on the date of exercising the Option:

- a. Finishes construction of the Improvements by December 1, 2013 and a Final Certificate of Occupancy is issued;
 - b. Tenant issues Rent payments to Landlord on time for every month for the Term;
 - c. Tenant has paid real estate tax invoices prior to the due date for every installment, as indicated in Section 13; and
 - d. Tenant is current on its water bill to the City of Evanston each and every month during the Term.
- (3) Performance Incentive and Appraisal Figure:
- a. After the Appraisal process outlined in Section 5(B)(1) above, if the Purchase Price is less than \$625,000 (Six Hundred Twenty-Five Thousand Dollars), Tenant cannot receive an additional discount based on the Performance Incentive described.
 - b. However, if the appraisal figure arrived at between the Parties is between \$625,000 and \$675,000 AND Tenant qualifies for the Performance Incentive, the Purchase Price can be additionally reduced to \$625,000, but this is the floor for the Performance Incentive. For example, if the appraisal process yields a purchase price of \$640,000 and the Tenant has met the measures outlined to qualify for the Performance Incentive, the Purchase Price may be reduced an additional Fifteen Thousand (\$15,000).

C. Authority to Purchase: The Tenant may notify Landlord that it has the resources to purchase the Property and that the Tenant is exercising the Option prior to the expiration of the Option Period. A closing (the "Closing") or transfer of ownership will occur upon the Parties executing a purchase and sale contract ("Property Purchase Agreement") and the subsequent payment of the Purchase Price at a Closing.

D. Rental Credit Application. Landlord will give credit towards the Purchase Price for all rental payments made under this Agreement during the lease of the Property subject to this Agreement (the "Rental Credit"). The Tenant may notify Landlord that it will be exercising the Option to Purchase, that it wishes to use the Rental Credit and has the resources to supplement those credits to purchase the Property. At Closing, Landlord shall transfer title upon receipt by the Landlord of the Tenant paying the difference between the Rental Credit and the Purchase Price.

E. Delinquencies. Should the Tenant have incurred delinquencies in paying rent with Landlord, the Tenant shall payoff those delinquencies upon any offer to exercise its Option.

F. Tenant Breach. Should the Tenant materially breach this Agreement for any reason other than nonpayment, at the discretion of Landlord, the Tenant's Option may be denied. Landlord shall not unreasonably withhold its agreement to the exercise of the Option.

G. No Obligation to Purchase. Tenant is under no obligation to purchase the Property and has the right to continue under the terms of this Agreement as Tenant/renter for the balance of the Term. However, if the Tenant fails to exercise the option at the conclusion of the Option Period, the Option to Purchase shall expire.

H. Sale to Third Parties. If Landlord sells the Property to a third party which has no legal affiliation to the Tenant, as a condition of sale, the new Purchaser agrees to be bound by the terms of this Agreement and shall have no right to evict Tenant, to vary the terms of this Agreement or to terminate this Lease under any terms other than those contained herein.

I. Tenant Declines to Purchase. If at the end of the five (5) year term of this Lease, the Tenant has exercised its right to Purchase the Property at the agreed Purchase Price, the Parties may agree to enter into a new lease which shall be at current market rents then in effect.

SECTION 6: USE OF PROPERTY

A. Permitted Use. Tenant will use the Property to operate a restaurant and brewery and to transact other related business and uses incidental thereto. No part of the Property will be used for any other purpose without the prior written consent of Landlord (the "Permitted Use"). Tenant shall apply and obtain the proper licenses to operate a brewery and restaurant within the City of Evanston, to enable Tenant to sell and offer for sale from the Property in accordance with all applicable laws, alcoholic beverages, liquor, spirits, beer and wine for on-site and off-Property consumption (herein "Alcoholic Beverage License"). Tenant shall also apply for and obtain the proper restaurant license from the corporate authorities ("Business License"). The use of the Property will be in conformance with the restrictions set forth in the Alcoholic Beverage License and the Business License. In the conduct of its business on the Property, Tenant will observe and comply with all laws, ordinances and regulations of public authorities. Tenant acknowledges that the Property is owned by the City of Evanston and therefore no smoking will be permitted at the Property. Tenant will not permit any unlawful or immoral practice to be committed or carried on in the Property by Tenant or any other person. Tenant will not use or allow the use of the Property for any purpose whatsoever that will injure the reputation of the Property or of the Building of which they are a part.

B. Business Hours. Tenant will operate the Property and be open for business at the discretion of the Tenant. When Tenant is open for business, Tenant will provide adequate personnel to service its customers. However, if Tenant is unable to comply with this provision due to shortage of materials, act of God, and destruction of the Property by fire or other reason beyond Tenant's control (financial inability of Tenant accepted), Tenant will not be deemed to be in default.

C. Storage of Merchandise. Tenant agrees to store on the Property only goods, wares and merchandise Tenant intends to offer for retail sale from the Property or to use in connection with the service offered by Tenant in the regular course of the Tenant's business.

D. Storage of Inflammable Materials. Tenant agrees that it will not permit to be kept at the Property any gasoline, distillate or other petroleum product, or other substance of an explosive or inflammable nature as may endanger any part of the Property without the written consent of the Landlord. Landlord understands and agrees that Tenant will utilize materials in the kitchen of the restaurant and in the brewery that include flammable materials

E. Use Impairing Structural Strength. The Tenant will not permit the Property to be used in any manner that will impair the structural strength of the building, or permit the installment of any machinery or apparatus the weight or vibration of which may tend to impair the building's foundations or structural strength.

F. Garbage Disposal. The Tenant will not incinerate any garbage or debris in or about the Property, and will cause all containers, rubbish, garbage and debris stored in the Property to be hauled away for disposal before accumulation of any substantial quantity.

G. Parking. The Landlord shall not provide any parking spaces to the Tenant. The Tenant is responsible for coordinating and providing adequate parking for the Permitted Use under the City Code.

SECTION 7: IMPROVEMENTS.

A. Improvement Allowance. Landlord shall provide Tenant with an improvement allowance to fund "vanilla box" improvements for the Building in the principal amount of Two Hundred Thousand Dollars (\$200,000.00) which will be paid through the Howard-Ridge Tax Increment Financing District funds ("**Tenant Improvement Allowance**"). The administration of the Tenant Improvement Allowance will be governed by a separate TIF Grant Agreement between the Parties. As detailed in the TIF Grant Agreement, the terms of which are incorporated herein by reference, the Tenant Improvement Allowance funds will be distributed within a timely manner upon presentation by the General Contractor's or Subcontractor's invoices as approved by the Tenant. Payments shall be made directly to the General Contractor or the Subcontractors as the case may be.

B. Construction of Improvements. Tenant accepts the Property in an "as-is" condition and represents, covenants and agrees, at its sole cost and expense, that it shall construct, reconstruct and develop in accordance with the terms of this Agreement, the Site Plan of **Exhibit C** (herein "**Tenant's Work**"). Tenant's Work shall include, but not limited to:

- (1) Tenant shall renovate and develop the Building and Property free from any and all Hazardous Substances;
- (2) Tenant shall complete the construction in substantial compliance with the design as depicted on the Site Plan; and
- (3) All work necessary to bring the Property into compliance with applicable federal, state and local building codes and regulations.

C. Delivery Date. The Parties contemplate that the permit and construction process will take 6-7 months. Tenant shall use due diligence and commercially reasonable efforts to ensure that the construction is complete no later than December 1, 2013 ("**Tenant's Work Completion Date**"). If Tenant's Work Completion Date does not occur on or before December 1, 2013 (subject to delays due to Force Majeure), then such failure to deliver shall not be a default hereunder, however the Tenant shall deliver a punch list of items to be completed and a timeline for completion to Landlord within five (5) business days of Tenant's Work Completion Date. Tenant acknowledges that Landlord will not extend the period of free rent beyond what is provided in this Agreement due to any delay in Tenant's Work. Notwithstanding anything to the contrary contained herein, should Tenant fail to complete Tenant's Work within 3 months of Tenant's Work Completion Date, Landlord shall have the option to complete Tenant's Work and seek reimbursement for said expense from Tenant.

D. Plans and Specifications. All architectural plans, diagrams, specifications and other data relating to Tenant's Work shall be produced by Tenant at its sole cost and expense. Tenant's Plans shall be reviewed by Landlord prior to submission for construction permit. Landlord shall have the opportunity to provide comments and suggested revisions and Tenant cannot unreasonably withhold its consent to said revisions. If Landlord shall reject Tenant's Plans as aforesaid then Tenant shall thereafter have the right to either incorporate such changes in part or in whole, or reject the changes with reasons stipulated. Neither party's approval of the other party's plans shall create responsibility or liability on the part of such approving party for the completeness, design sufficiency, or compliance with all laws, rules and regulations of governmental agencies or authorities of such plans.

E. Property Inspection. Notwithstanding any other provision of this Agreement, Tenant shall have the right to inspect the Property for a period of seven (7) days following the execution of this Agreement. If, as a result of the inspection, Tenant is advised and determines that the cost of bringing the Property up to required building Code standards exceeds Two Hundred Thousand and 00/100 Dollars (\$200,000.00), then Tenant shall have the right to terminate this Agreement by written notice to the Landlord within fourteen (14) days of the execution of this Agreement. Landlord shall have the right to conduct a field survey of the Property and

inspection of the Property during the time of construction of the Tenant's Work upon 2 business days' written notice.

F. Insurance during the Construction of Improvements. Within ten (10) days after the execution of this Agreement, Tenant shall procure and maintain (or shall cause the Tenant's DBO Contractor to procure and maintain, naming Tenant and any other Persons required to be so named hereunder as additional insured) during the completion of Tenant's Work, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Tenant Work, its agents, subcontractors, representatives and employees. Insurance, together with endorsements as required by this section shall be of the type, in the amounts and subject to all provisions in this section. Tenant acknowledges and agrees that if it fails to comply with all requirements of this Section, the Landlord may void the Agreement.

Tenant must give to the City Certificates of Insurance identifying the Landlord to be an Additional Insured for all Work done pursuant to this Agreement before the Landlord's staff recommends award of the contract to City Council. Any limitations or modifications on the Certificate(s) of Insurance issued to the Landlord in compliance with this Section that conflict with the provisions of this section shall have no force and effect.

After award of the contract to the Tenant's General Contractor, Tenant shall give Landlord a certified copy(ies) of the insurance policy(ies) and all riders to such policy(ies) evidencing the amounts set forth in this section, and copies of the Additional Insured endorsement to such policy(ies) which name Landlord as an Additional Insured for all Tenant's Work done pursuant to this Agreement before Contractor does any Work pursuant to this Agreement. Tenant's certificate of insurance shall contain a provision that the coverage afforded under the policy(s) will not be canceled or reduced without sixty (60) days prior written notice (hand delivered or registered mail) to Landlord. Tenant shall promptly forward new certificate(s) of insurance evidencing the coverage(s) required herein upon annual renewal of the subject policies. The policies and the Additional Insured endorsement must be delivered to the Landlord within two (2) weeks of the request. All insurance policies shall be written with insurance companies licensed or authorized to do business in the State of Illinois and having a rating of not less than A-XIII or better as published within the prior twelve months, or if none, the most recent edition of Best's Key Rating Guide, Property-Casualty Edition. Any deductibles or self-insured retentions must be declared to and approved by City.

Commercial general liability coverage at least as broad as Insurance Services Office Commercial General Liability occurrence coverage ("occurrence" form CG0001, Ed. 11/88) with a general aggregate amount of not less than \$1,000,000, \$1,000,000 Products and Completed Operations Aggregate, and \$1,000,000 for each occurrence. Deductibles shall be commensurate with industry practice. Tenant understands that the acceptance of Certificates of Insurance, policies, and any other documents by the Landlord in no way releases the Contractor and its subcontractors from the requirements set forth herein.

Tenant's insurance and any insurance provided in compliance with these specifications shall be primary with respect to any insurance or self-insurance programs covering the Landlord, its City Council and any officer, agent or employee of the Landlord. Tenant expressly agrees to waive its rights, benefits and entitlements under the "Other Insurance" clause of its commercial general liability insurance policy as respects the Landlord. In the event Tenant fails to purchase or procure insurance as required above, the parties expressly agree that Tenant shall be in default under this Agreement, and that the Landlord may recover all losses, attorney's fees and costs expended in pursuing a remedy, or reimbursement, at law or in equity, against Tenant. All liability coverage shall name the Landlord, its City Council and every officer, agent and employee of the Landlord as an additional insured.

Where available, the insurer shall agree to waive all rights of subrogation against the

Landlord, its City Council and every officer, agent and employee of Landlord. In the event any insurance required to be maintained herein becomes unavailable or is not available on commercially reasonable terms, the Tenant shall maintain or shall cause to be maintained the best that is available on commercially reasonable terms as agreed with Landlord (or in the event of disagreement, as determined under the dispute resolution procedures of this Agreement).

G. Improvements following conclusion of Term or Breach of Lease: If the Tenant does not exercise the Option and the Term expires, without a new lease agreement, or if the Lease is terminated pursuant to Section 20, the Tenant waives all rights and claims of interest in the property; however, any improvements paid for and installed by the Tenant shall remain the property of the Tenant and Tenant shall have the right to remove such improvements at the termination of the Lease regardless of the reason for the termination, unless permanently affixed to the Property and would cause damage to remove.

SECTION 8: SIGNS:

Tenant will have the exclusive right to maintain on the exterior and interior of the Property, at its own expense, all signs necessary to conduct the business of Tenant. Tenant acknowledges that there are limitations and an application process outlined in the City of Evanston's Municipal Code for the sign size, type, and number and Tenant agrees to be bound by such ordinances.

SECTION 9: DEFECTS; DEFECTIVE CONDITION; WIND; ACTS OF THIRD PERSONS:

Except as provided by Illinois law, Landlord as the owner of the Property, and shall be liable for any injury done or occasioned by wind or by or from any defect of plumbing, electric wiring or of insulation thereof, gas pipes, water pipes or steam pipes, or from broken stairs, porches, railings or walks, or from the backing up of any sewer pipe or down-spout or from the bursting, leaking or running of any tank, tub, washstand, water closet or waste pipe, drain, or any other pipe or tank in, upon or about the Property or the building of which they are a part nor from the escape of steam or hot water from any radiator, caused by conditions prior to the execution of this Agreement, and for any such damage or injury occasioned by water, snow or ice being upon or coming through the roof, skylight, trap door, stairs, walks or any other place upon or near the Property, or otherwise, and for any such damage or injury done or occasioned by the falling of any fixture, plaster, or stucco, and for any damage or injury arising from any act, omission or negligence of co-tenants or of other persons, occupants of the same building or of adjoining or contiguous buildings or of owners of adjacent or contiguous property, or of Landlord's agents or Landlord.

SECTION 10: CASUALTY DAMAGE; REPAIRS; ABATEMENT OF RENT

A. Use of Partially Damaged Property: On damage or destruction to the Property, Tenant will continue to use it for the operation of its business to the extent practicable.

B. Right to Terminate: Either Party will have the right to terminate this Agreement if, the Property is damaged to an extent exceeding fifty percent of the reconstruction cost of the Property as a whole. Notice of termination of this Agreement in writing delivered to the other Party within ten (10) days of the damage.

C. Repairs in the event of Casualty: If the Property is damaged or destroyed before or after the start of the Agreement by any cause beyond Tenant's control, then Landlord will immediately, on receipt of insurance proceeds paid in connection with casualty damage, but no later than (60) sixty days after damage has occurred, allow Tenant to construct the repairs up to the amount of the insurance proceeds. Repairs will include any improvements made by Tenant with Landlord's consent, on the same plan and design as existed immediately before the

damage occurred, subject to those delays reasonably attributable to governmental restrictions or failure to obtain materials, labor or other causes, whether similar or dissimilar, beyond the control of Landlord. Materials used in repair will be as nearly like original materials as reasonably procured in regular channels of supply. Wherever cause beyond the power of the party affected causes delay, the period of delay will be added to the period in this lease for completion of the work, reconstruction or replacement.

D. Reduction of Rent during Repairs: If Tenant continues to conduct business during the making of repairs; the fixed minimum monthly rental will be equitably reduced in the proportion that the unusable part of the Property bears to the whole. The determination of the unusable space shall be determined by the Landlord and Tenant. No rent will be payable while the Building is wholly unoccupied pending the repair of casualty damage.

SECTION 11: REPAIRS AND MAINTENANCE

A. Condition of Property. Tenant shall keep the Property and appurtenances thereto in a clean condition, and in good repair, all according to the statutes and ordinances in such cases made and provided, and the directions of public officers thereunto duly authorized, all at Tenant's own expense, reasonable wear and tear excepted. Tenant shall make all necessary repairs and renewals upon Property and replace broken globes, glass and fixtures with material of the same size and quality as that broken and shall insure all glass in windows and doors of the Property at his own expense. Tenant shall not cause or permit any waste, misuse or neglect of the water, or of the water, gas or electric fixtures.

B. Responsible Party for Maintenance and Repairs. Tenant acknowledges that it is responsible for any and all maintenance and repairs, both exterior and interior maintenance and repair responsibilities for the Property, with no right of reimbursement from the Landlord. Tenant agrees to perform all necessary maintenance and repair responsibilities in a workmanlike manner and address any and all issues as quickly as possible. Tenant shall guarantee to:

- (1) Perform regular inspections and maintenance to HVAC unit;
- (2) Perform regular inspections and maintenance to furnace unit;
- (3) Keep the exterior walkways and pavement free from snow and ice. Tenant will furnish snow removal equipment and salt;
- (4) All refuse from Property to be placed in appropriate containers for the refuse haulers; and
- (5) Maintain all of the Property in a clean, neat and orderly condition.

SECTION 12: UTILITIES

Tenant agrees to pay before delinquency all charges for gas, water, heat, electricity, power and other similar charges incurred by Tenant during its occupancy of the Property.

SECTION 13: TAXES

Tenant will pay before delinquency all taxes levied on Tenant's fixtures, equipment and personal property on the demised Property, whether or not affixed to the real property ("Fixture and Equipment Taxes"). Tenant will also pay all real property taxes before delinquency and provide proof of payment to the Landlord for each installment during the term of this Lease (the "Real Estate Taxes"). The amount of the Real Estate Taxes owed will fluctuate based on Cook County assessments. Tenant shall submit proof of payment within five (5) business days of submission of payment and prior to the due date on the respective tax bill. The Landlord will prorate the real estate taxes for 2013 to the date of the Agreement and will pay the first installment of the 2013 taxes, payable in 2014 and invoice Tenant for its portion of the first

installment, Tenant will not be responsible for taxes prior to the date of the Agreement. Subsequent installments will be paid directly by Tenant to the Cook County Treasurer and Tenant will arrange for the Cook County Treasurer to issue bills directly to the Tenant.

SECTION 14: INSURANCE

A. Insurance Company. It is agreed that any policies of insurance to be maintained by the respective parties will be obtained from solvent insurance companies.

B. Liability Coverage. Notwithstanding the requirements set forth in Section 8F, Tenant agrees that it will, at its expense, maintain a policy of insurance, written by responsible insurance carriers, approved by Landlord that will insure Landlord against liability for injury to or death of persons or damage to property occurring about the demised Property. The liability under insurance will be at least \$1 million for any one person injured or killed or any one occurrence, \$2 million general aggregate coverage for any one accident, and \$ 100,000.00 property damage.

C. Worker's Compensation: Tenant agrees to maintain employees' Worker's Compensation insurance required under Illinois law, and any other insurance necessary to protect Landlord against liability to person or property.

D. Fire Insurance on Equipment and Inventory. The Tenant agrees to maintain on all equipment in the Property, a policy of fire insurance in companies approved by the Landlord of at least 80 % of the insurable replacement value. Landlord shall not unreasonably withhold its approval. Tenant also will maintain adequate inventory insurance, the proceeds of which will, as long as this Agreement is in effect, be used for the replacement of the insured property. The policy will name Landlord as additional beneficiary to protect Landlord's interest as Landlord.

E. Fire Insurance on Property. Landlord agrees to maintain during this Agreement, a policy fire insurance of at least 80 % of the insurable value of the Property. If permitted without additional charge, Landlord will cause to be endorsed on its fire insurance, and any extended coverage policy or policies, the waiver of right of subrogation.

F. Tenant's Waiver of Casualty Insurance Proceeds. If the Property is damaged by fire or other casualty insured against, Tenant agrees to claim no interest in any insurance settlement arising out of any loss where premiums are paid by Landlord, or where Landlord is named as sole beneficiary, and that it will sign all documents required by Landlord or the insurance company necessary in connection with the settlement of any loss. If such damage occurs and the premiums are paid by Tenant, any insurance settlement shall be paid to Tenant.

G. Control of Insurance Proceeds to avoid Capital Gain. If the Property, including any improvements, were to be damaged in any manner, and the receipt of any insurance proceeds or other reimbursement for such damage would result in the realization of taxable gain for federal or state purposes, then the party to whom the gain would be taxed will have the right to take all action respecting proceeds or reimbursements necessary to enable party to comply with any regulations of the appropriate taxing authorities, so that the gain will not be recognized for tax purposes. Nothing here will be construed to entitle Landlord to delay any repairs to any part of the improvements in the event of damage.

SECTION 15: SURRENDER OF PROPERTY -- HOLDING OVER

Subject to the Option to Purchase language, Tenant will, at the termination of this Lease, leave the Property in as good condition as it is at the time of entry by Tenant, except for reasonable use and wear, acts of God, or damage by casualty beyond the control of Tenant. On vacating, Tenant will leave the Property clear of all rubbish and debris. If Tenant retains possession of the Property or any part thereof after the termination of the term by lapse of time or otherwise, then Landlord may at its option within thirty (30) days after termination of the term

serve written notice upon Tenant that such holding over constitutes the creation of a month to month tenancy, upon the terms of this Agreement. Tenant shall also pay to Landlord all damages sustained by Landlord resulting from retention of possession by Tenant. The provisions of this paragraph shall not constitute a waiver by Landlord of any right of re-entry as hereinafter set forth; nor shall receipt of any rent or any other act in apparent affirmation of tenancy operate as a waiver of the right to terminate this Agreement for a breach of any of the covenants herein.

SECTION 16: LIENS

A. Liens and Encumbrances. The Tenant will hold the Landlord harmless from all claims, liens, and claims of lien, demands, charges, encumbrances or litigation arising out of any work or activity of Tenant on the Property. Tenant will, within sixty (60) days after filing of any lien, fully pay and satisfy the lien and reimburse Landlord for all resulting loss and expense, including a reasonable attorney's fees; provided, however, in the event that Tenant contests any lien so filed in good faith and pursues an active defense of said lien, Tenant shall not be in default of this paragraph. However, in the event of any final judgment against Tenant regarding such lien, Tenant agrees to pay such judgment and satisfy such lien within 60 days of the entry of any such judgment.

B. Discharge of Liens: If Tenant fails to fully discharge any claim, lien, claim of lien, demand, charge, encumbrance, or litigation, or should proceedings be instituted for the foreclosure of any lien or encumbrance, and if judgment is rendered against Tenant either by a court of competent jurisdiction or by arbitration and Tenant still persists in non-payment of the same within the 60 day set forth above, Landlord will have the right at any time after expiration of the 60-day period, to pay the lien or encumbrance. All amounts so paid will be repaid by the Tenant on demand, together with interest at the rate of 10% per year from the date of payment and shall be considered additional rent owed to Landlord by Tenant.

SECTION 17: INDEMNIFICATION

A. Tenant's negligence or willful misconduct

In the event of the Tenant's negligence or willful misconduct, Tenant shall defend, indemnify and hold harmless City and its officers, elected and appointed officials, agents, and employees from any and all liability, losses, or damages as a result of claims, demands, suits, actions, or proceedings of any kind or nature, including without limitation costs, and fees, including attorney's fees, judgments or settlements, resulting from or arising out of any negligent or willful act or omission on the part of the Tenant or Tenant's subcontractors, employees, agents or subcontractors during the performance of this Agreement. Such indemnification shall not be limited by reason of the enumeration of any insurance coverage herein provided. This provision shall survive completion, expiration, or termination of this Agreement. Nothing contained herein shall be construed as prohibiting Landlord, or its officers, agents, or employees, from defending through the selection and use of their own agents, attorneys, and experts, any claims, actions or suits brought against them. Tenant shall be liable for the costs, fees, and expenses incurred in the defense of any such claims, actions, or suits. Nothing herein shall be construed as a limitation or waiver of defenses available to Landlord and employees and agents, including without limitation the Illinois Local Governmental and Governmental Employees Tort Immunity Act, 745 ILCS 10/1-101 *et seq.*

In the event of Tenant's negligence or willful misconduct, at the Landlord's option, Tenant must defend all suits and must pay all costs and expenses incidental to them, but the Landlord has the right, at its option, to participate, at its own cost, in the defense of any suit, without relieving Tenant of any of its obligations under this Agreement. Any settlement of any claim or suit related to this Agreement by must be made only with the prior written consent of

the City Corporation Counsel, if the settlement requires any action on the part of the Landlord. To the greatest extent permissible by law, Tenant waives any limits to the amount of its obligations to indemnify, defend, or contribute to any sums due under any losses, including any claim by any employee of Tenant that may be subject to the Illinois Workers Compensation Act, The Landlord, however, does not waive any limitations it may have on its liability under the Illinois Workers Compensation Act, the Illinois Pension Code or any other statute. Tenant is responsible for any losses and costs to repair or remedy work performed under this Agreement resulting from or arising out of any act or omission, neglect, or misconduct in the performance of Tenant's Work. Acceptance of the work by the Landlord will not relieve Tenant of the responsibility for subsequent correction of any such error, omissions and/or negligent acts or of its liability for loss or damage resulting therefrom. All provisions of this section shall survive completion, expiration, or termination of this Agreement.

B. Landlord's negligence or willful misconduct

In the event of the Landlord's negligence or willful misconduct, Landlord shall defend, indemnify and hold harmless Tenant and its officers, agents, and employees from any and all liability, losses, or damages as a result of claims, demands, suits, actions, or proceedings of any kind or nature, including without limitation costs, and fees, including attorney's fees, judgments or settlements, resulting from or arising out of any negligent or willful act or omission on the part of the Landlord during the performance of this Agreement. Such indemnification shall not be limited by reason of the enumeration of any insurance coverage herein provided. This provision shall survive completion, expiration, or termination of this Agreement. Nothing contained herein shall be construed as prohibiting Tenant, or its officers, agents, or employees, from defending through the selection and use of their own agents, attorneys, and experts, any claims, actions or suits brought against them. Landlord shall be liable for the costs, fees, and expenses incurred in the defense of any such claims, actions, or suits.

At the Tenant's option, Landlord must defend all suits and must pay all costs and expenses incidental to them, but the Tenant has the right, at its option, to participate, at its own cost, in the defense of any suit, without relieving Landlord of any of its obligations under this Agreement. Any settlement of any claim or suit related to this Agreement by must be made only with the prior written consent of the City Corporation Counsel, if the settlement requires any action on the part of the Landlord. All provisions of this section shall survive completion, expiration, or termination of this Agreement.

SECTION 18: LANDLORD'S RIGHT OF INSPECTION

Tenant shall allow Landlord or any person authorized by Landlord upon two (2) days written notice to Tenant, as part of authority under the City of Evanston Municipal Code reasonable access to the Property during regular business hours for the purpose of examining or exhibiting the same. If the Tenant does not exercise the Option and/or will be vacating the Property at or prior to the end of the Term, Tenant will also allow Landlord to have placed upon the Property at all times notices of "For Sale" and "For Rent", and Tenant will not interfere with the same.

SECTION 19: ENVIRONMENTAL CONDITIONS

A. Tenant's obligations.

From the date of the execution of this Agreement, for acts creating environmental violations caused by the Tenant during the operation of the business by the Tenant, Tenant shall indemnify, defend and hold the harmless Landlord from any personal injury, property damage or liability arising in connection conditions in violation of environmental laws. "Environmental Laws" shall mean and include all federal, state and local statutes, ordinances,

regulations and rules relating to environmental quality, health, safety contamination and clean-up, including, without limitation, the Clean Air Act, 42 U.S.C. Section 7401 et seq.; the Clean Water Act, 33 U.S.C. Section 1251 et seq. and the Water Quality Act of 1987; the Federal Insecticide, Fungicide, and Rodenticide Act ("ERA"), 7 U.S.C. Section 136 et seq.; the Marine Protection, Research, and Sanctuaries Act, 33 U.S.C. Section 1401 et seq.; the National Environmental Policy Act, 42 U.S.C. Section 4321 et seq.; the Noise Control Act, 42 U.S.C. Section 4901 et seq.; the Occupational Safety and Health Act, 29 U.S.C. Section 651 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. Section 6901 et seq., as amended by the Hazardous and Solid Waste Amendments of 1984; the Safe Drinking Water Act, 42 U.S.C. Section 300fe seq.; the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. Section 9601 et seq., as amended by the Superfund Amendments and Reauthorization Act, the Emergency Planning and Community Right-to Know Act, and Radon Gas and Indoor Air Quality Research Act; the Toxic Substances Control Act ("TSCA"), 15 U.S.C. Section 2601 et; the Atomic Energy Act, 42 U.S.C. Section 2011 et seq., and the Nuclear Waste Policy Act of 1982, 42 U.S.C. Section 10101 et seq.; and any environmental protection, beam superlien or environmental clean-up statutes of the State of Illinois, with implementing regulations and guidelines, as amended from time to time. Environmental Laws shall also include all state, regional, county, municipal and over local laws, regulations and ordinances insofar as they are equivalent or similar to the federal laws recited above or purport to regulate hazardous materials.

B. Landlord's Obligations.

For environmental issues arising from the ownership of the Property prior to the date of the execution of this Agreement, the Landlord shall indemnify, defend and hold the harmless Tenant from any personal injury, property damage or liability arising in connection conditions in violation of environmental laws. "Environmental Laws" shall mean and include all federal, state and local statutes, ordinances, regulations and rules relating to environmental quality, health, safety contamination and clean-up, including, without limitation, the Clean Air Act, 42 U.S.C. Section 7401 et seq.; the Clean Water Act, 33 U.S.C. Section 1251 et seq. and the Water Quality Act of 1987; the Federal Insecticide, Fungicide, and Rodenticide Act ("ERA"), 7 U.S.C. Section 136 et seq.; the Marine Protection, Research, and Sanctuaries Act, 33 U.S.C. Section 1401 et seq.; the National Environmental Policy Act, 42 U.S.C. Section 4321 et seq.; the Noise Control Act, 42 U.S.C. Section 4901 et seq.; the Occupational Safety and Health Act, 29 U.S.C. Section 651 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. Section 6901 et seq., as amended by the Hazardous and Solid Waste Amendments of 1984; the Safe Drinking Water Act, 42 U.S.C. Section 300fe seq.; the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. Section 9601 et seq., as amended by the Superfund Amendments and Reauthorization Act, the Emergency Planning and Community Right-to Know Act, and Radon Gas and Indoor Air Quality Research Act; the Toxic Substances Control Act ("TSCA"), 15 U.S.C. Section 2601 et; the Atomic Energy Act, 42 U.S.C. Section 2011 et seq., and the Nuclear Waste Policy Act of 1982, 42 U.S.C. Section 10101 et seq.; and any environmental protection, beam superlien or environmental clean-up statutes of the State of Illinois, with implementing regulations and guidelines, as amended from time to time. Environmental Laws shall also include all state, regional, county, municipal and over local laws, regulations and ordinances insofar as they are equivalent or similar to the federal laws recited above or purport to regulate hazardous materials.

SECTION 20: DEFAULT AND REMEDIES

A. Events of Default: Any one of the following events shall be deemed to be an "Event of Default" hereunder by Tenant subject to Tenant's right to cure:

- (1) Tenant fails to pay its Rent within five (5) days at the time and place when and where due;
- (2) Tenant shall fail to maintain the insurance coverage as set forth herein, and does not cure, or commence the good faith cure of any such failure, within thirty (30) days after written notice to Tenant of such failure;
- (3) Tenant shall fail to comply with any term, provision, condition or covenant of this Lease, other than the payment of rent, and shall not cure, or commence the good faith cure of any such failure, within thirty (30) days after written notice to the Tenant of such failure;
- (4) Tenant shall make a general assignment the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due or shall file a petition in bankruptcy; or
- (5) Any default by Tenant under the terms of the TIF Grant Agreement and the default are not cured within thirty (30) days after written notice to Tenant such failure.

B. Occurrence of an Event: Upon the occurrence of any Event of Default which Tenant fails to cure, Landlord shall have the option to pursue any one or more of the following remedies subject to the laws of the State of Illinois and the Tenants right to cure detailed above:

- (1) Landlord may terminate this Lease in which event Tenant shall immediately surrender the Property to Landlord, but if Tenant fails to do so, Tenant hereby grants to Landlord full and free license to enter into and upon the Property or any part thereof, to take possession to the extent permitted by law, and to expel and to remove Tenant or any other person who may be occupying the Property or any part thereof. Landlord may use such reasonable force in and about expelling and removing Tenant and other persons as may reasonably be necessary after requesting them to vacate the Property, and Landlord may repossess itself of the Property as of its former estate, but such entry on the Property shall not constitute a trespass or forcible entry or detainer, nor shall it cause a forfeiture of rents due by virtue thereof, nor a waiver of any covenant, agreement or promise in this Agreement contained to be performed by Tenant.
- (2) Landlord may recover from Tenant upon written demand all of Landlord's costs, charges and expenses, including the fees and costs of counsel, agents and others retained by Landlord which have been incurred by Landlord in enforcing Tenant's obligations hereunder, subject to Landlord prevailing on its claims.
- (3) Pursuit of any of the foregoing remedies shall not preclude pursuit of any other remedy herein provided or available to Landlord at law or in equity, or constitute a forfeiture or waiver of any Rent due hereunder or of any damages suffered by Landlord. If in Landlord's judgment any default by Tenant will jeopardize the Property or the rights of Landlord, Landlord may, with notice, elect to cure Tenant's default and Tenant will reimburse Landlord, with interest, on 10-days' notice by Landlord to Tenant.

C. Repossession or Re-letting: No repossession, operation or re-letting of the Property or of fixtures and equipment will be construed as an election by Landlord to terminate this Agreement unless a written notice is given by the Landlord to the Tenant. The Landlord may terminate this Agreement in writing if the Tenant remains in default. The acceptance of rent, whether in a single instance or repeatedly, after it falls due, or after knowledge of any breach hereof by Tenant, or the giving or making of any notice or demand, whether according to any statutory provision or not, or any act or series of acts except written waiver, shall not be

construed as a waiver of Landlord's rights to act without notice or demand or of any other right hereby given Landlord, or as an election not to proceed under the provisions of this Agreement.

D. Tenant's Obligation to pay Deficiencies. If rentals received by the Landlord from re-letting the Property under the provisions of this section are insufficient to pay all expenses and amounts due, Tenant will pay any deficiencies to the Landlord on demand and be declared in default for failure to pay.

E. Future rent: If this Agreement is terminated by Landlord due to any default by Tenant, Landlord will be entitled to recover from Tenant, at termination, the excess, if any, of the rent reserved in this Agreement for the balance of the term over the reasonable rental value of the Property for the same period. The "reasonable rental value" will be the amount of rental Landlord can obtain as rent for the balance of the term.

SECTION 21: *REMEDIES NOT EXCLUSIVE*

The obligation of Tenant to pay the rent reserved hereby during the balance of the term hereof, or during any extension hereof, shall not be deemed to be waived, released or terminated, by the service of any five-day notice, other notice to collect, demand for possession, or notice that the tenancy hereby created will be terminated on the date therein named, the institution of any action of forcible detainer or ejectment or any judgment for possession that may be rendered in such action, or any other act or acts resulting in the termination of Tenant's right to possession of the Property. The Landlord may collect and receive any rent due from Tenant and payment or receipt thereof shall not waive or affect any such notice, demand, suit or judgment, or in any manner whatsoever waive, affect, change, modify or alter any rights or remedies which Landlord may have by virtue hereof.

SECTION 22: *EXPENSES OF ENFORCEMENT*

Tenant, if Landlord is the prevailing party, shall pay upon demand all Landlord's costs, charges and expenses, including reasonable attorney's fees, agents fees and fees of others retained by Landlord, incurred in enforcing any of the obligations of Tenant under this Agreement, or in any litigation, negotiation or transaction in which Landlord shall, without Landlord's fault become involved through or on account of any action or omission of Tenant regarding this Agreement.

Landlord, if Tenant is the prevailing party, shall pay upon demand all Tenant's costs, charges and expenses, including reasonable attorney's fees, agents fees and fees of others retained by Tenant, incurred in enforcing any of the obligations of Landlord under this Agreement, or in any litigation, negotiation or transaction in which Tenant shall, without Tenant's fault become involved through or on account of any action or omission of Landlord regarding this Agreement.

SECTION 23: *EMINENT DOMAIN*

A. Property Taken. If the Property is taken for a public or quasi-public use, this lease will terminate as of the date of the physical taking, and the Parties will be released from all further liability.

B. Abatement of Rent. If the Property is subject to Eminent Domain, all obligations of the Tenant to pay rent for the remainder of the Term terminate as of the date of the physical taking and the Tenant shall not be liable for any balance of the rent due under the terms of this Lease. Tenant shall have sixty (60) following such taking to remove any improvements or equipment that it has purchased and installed or located on the Property including any fixtures.

C. Right to Condemnation Award. Any award made in any condemnation proceeding for the taking of any part of the Property will be the sole property of Landlord.

SECTION 24: GOVERNMENTAL INTERFERENCE WITH POSSESSION

Tenant will not be released by any order of abatement or judgment preventing use of the Property on the ground that the Property or the business operated there constitutes a legally recognized nuisance.

SECTION 25: PEACEFUL ENJOYMENT

Landlord covenants and warrants that, subject to any trust deeds or mortgages of record, it is the owner of the Property, and that Tenant, on payment of rents and performance of the conditions, covenants, and agreements to be performed by it, may enjoy the Property without interruption or disturbance.

SECTION 26: AMENDMENTS TO BE IN WRITING

This Agreement may be modified or amended only in writing signed by Landlord and Tenant. It may not be amended or modified by oral agreements between the Parties unless they are in writing duly executed by Landlord and Tenant.

SECTION 27: PARTIES BOUND

Every provision of this Agreement will bind the parties and their legal representatives. The term "legal representatives" is used in its broadest meaning and includes, in addition to executors and administrators, every person, partnership, corporation or association succeeding to any interest in this Agreement. Every covenant, agreement and condition of this Agreement will be binding on Tenant's assignees, subtenants, concessionaires and/or licensees, heirs, administrators and executors.

SECTION 28: NOTICES

All notices or demands to be made pursuant to this Agreement shall be made at the addresses shown below by mailing a copy by registered or certified mail to the following addresses for the parties:

LANDLORD: City of Evanston
 Attn: Legal Department
 2100 Ridge Avenue, Room 4400
 Evanston, IL 60201

TENANT: Debbie and Jamie Evans
 1028 Ashland Ave
 Evanston, IL 60202

Service will be deemed complete at the time of the leaving of notice or within 5 days after mailing. If Tenant is avoiding the service of any notice and is not present at the Property for a period of more than 14 consecutive days, notices may be served by posting such notice upon the Property. Notice shall then be deemed effective 5 days after such posting.

SECTION 29: MISCELLANEOUS

Provisions typed on this Agreement and all riders attached to this Agreement and signed by Landlord and Tenant is hereby made a part of this Agreement. Tenant shall keep and observe such reasonable rules and regulations now or hereafter required by Landlord, which may be necessary for the proper and orderly care of the building of which the Property

are a part. All covenants, promises, representations and agreements herein contained shall be binding upon, apply and inure to the benefit of Landlord and Tenant and their respective heirs, legal representatives, successors and assigns. The rights and remedies hereby created are cumulative and the use of one remedy shall not be taken to excuse or waive the right to the use of another. This Agreement and any written and signed Amendments and/or Riders hereto shall constitute the entire agreement between the parties, and any oral representations made by one party to the other are considered merged herein. In all cases where Landlord's consent is required, Landlord's consent shall not be unreasonably withheld. This Agreement may be executed in multiple copies, each of which shall constitute an original.

SECTION 30: VENUE AND JURISDICTION

The Parties agree that any dispute under this Agreement that the Parties cannot resolve to mediation before a recognized mediator or mediation company. If the Parties are unable to satisfactorily resolve their dispute pursuant to mediation within 60 days of notice of the dispute, then the Parties agree the this Agreement shall be governed by and interpreted in accordance with the laws of the State of Illinois and that venue for any disputes shall be in the Circuit Court of Cook County, Illinois.

[Signatures on following page]

IN WITNESS WHEREOF, both of said Landlord and Tenant have caused this Agreement to be executed as of the date and year first above written by a duly authorized officer or manager of each of the respective parties.

Landlord: THE CITY OF EVANSTON,
an Illinois home rule municipal corporation

By: Wally Bobkiewicz

Its: City Manager, Wally Bobkiewicz

Tenant: PECKISH ONE LLC,
an Illinois limited liability company

By: Debbie Mussell Evans

Its: Manager, Debbie Mussell Evans

By: Jamie Evans

Its: Manager, Jamie Evans

Approved as to form:

W. Grant Farrar

W. Grant Farrar
Corporation Counsel

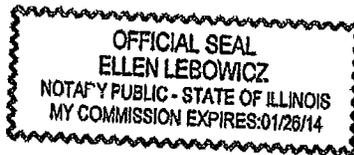
STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

The Undersigned, a Notary Public in and for said County in the State aforesaid, do hereby certify that Wally Bobkiewicz, City Manager of the City of Evanston, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such officer, appeared before me this day in person and acknowledged that he signed and delivered such instrument as his own free and voluntary act, and as the free and voluntary act of the City of Evanston, all for the uses and purposes set forth therein.

Given under my hand and notarial seal on March 19, 2013.

Ellen Lebowicz
Notary Public

My Commission Expires:



STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

The Undersigned, a Notary Public in and for said County in the State aforesaid, do hereby certify that Debbie and Jamie Evans of Peckish One LLC, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such officers, appeared before me this day in person and acknowledged that they signed and delivered such instrument as their own free and voluntary act, and as the free and voluntary act of Peckish One LLC, all for the uses and purposes set forth therein.

Given under my hand and notarial seal on March 19, 2013.

Ellen Lebowicz
Notary Public

My Commission Expires:

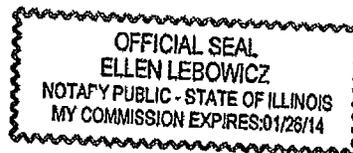


EXHIBIT A

LEGAL DESCRIPTION

LOTS 7, 8 AND 9 IN BLOCK 1 IN NILES HOWARD TERMINAL ADDITION, BEING A SUBDIVISION OF THE SOUTH 6.25 FEET CHAINS (412 ½ FEET) OF THAT PART OF THE NORTHEAST ¼ OF SECTION 30, TOWNSHIP 41 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING WEST OF THE RIGHT OF WAY OF THE CHICAGO AND NORTH WESTERN RAILROAD COMPANY, IN COOK COUNTY, ILLINOIS.

Common Address: 623-627 1/2 Howard Street, Evanston, Illinois 60202

PIN: 11-30-209-025-0000

EXHIBIT B

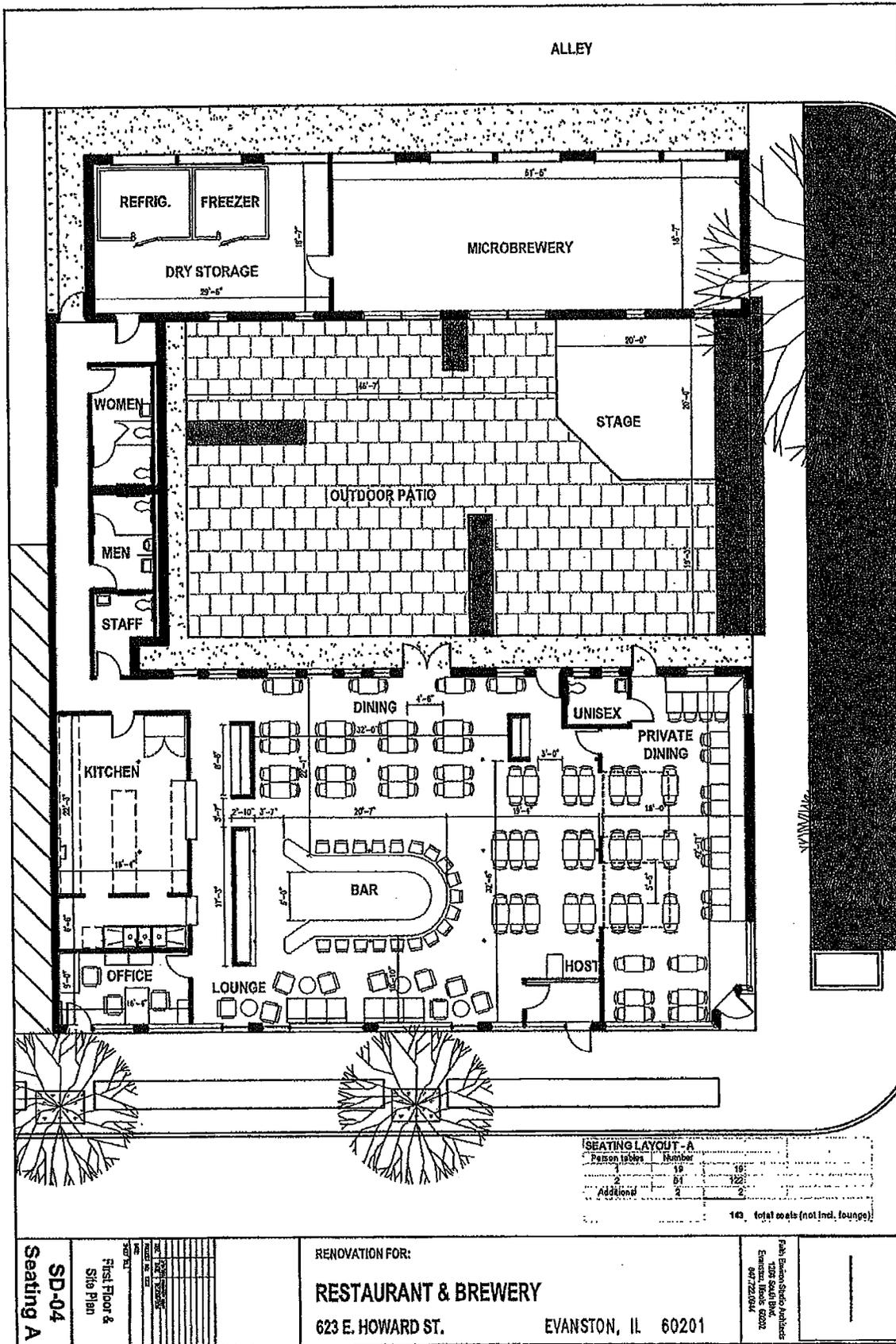
**RENT PAYMENT SCHEDULE
5 Year Term (60 months)**

Month	Rent Payment		
1	\$0	31	\$6,500
2	\$0	32	\$6,500
3	\$0	33	\$6,500
4	\$0	34	\$6,500
5	\$0	35	\$6,500
6	\$0	36	\$6,500
7	\$0	37	\$6,500
8	\$0	38	\$6,500
9	\$0	39	\$6,500
10	\$0	40	\$6,500
11	\$0	41	\$6,500
12	\$0	42	\$6,500
13	\$0	43	\$7,500
14	\$0	44	\$7,500
15	\$0	45	\$7,500
16	\$0	46	\$7,500
17	\$0	47	\$7,500
18	\$0	48	\$7,500
19	\$5,500	49	\$7,500
20	\$5,500	50	\$7,500
21	\$5,500	51	\$7,500
22	\$5,500	52	\$7,500
23	\$5,500	53	\$7,500
24	\$5,600	54	\$7,500
25	\$5,500	55	\$8,500
26	\$5,500	56	\$8,500
27	\$5,500	57	\$8,500
28	\$5,500	58	\$8,500
29	\$5,500	59	\$8,500
30	\$5,500	60	\$8,500

**Effective Date of Lease: _____, 2013 and the first month of the Rent Payment Schedule commences upon execution of this agreement.*

EXHIBIT C

SITE PLAN



SEATING LAYOUT - A

Person Is/In	Number
19	19
64	122
2	2
Additional	2
142 total seats (not incl. lounge)	

SD-04
Seating A

First Floor & Site Plan

RENOVATION FOR:
RESTAURANT & BREWERY
623 E. HOWARD ST. EVANSTON, IL 60201

Fish-Person Studio Architects
1205 South Blvd.
Evanston, Illinois 60202
847.722.0344

TIF CONSTRUCTION GRANT AGREEMENT

THIS TIF CONSTRUCTION GRANT AGREEMENT (the "Agreement") is entered into on this 18 day of March, 2013 ("Effective Date"), by and between the City of Evanston, an Illinois home rule municipality, ("City"), and Peckish One, LLC, an Illinois limited liability company ("Peckish One"), regarding the renovation and occupation of City property located at 623-627 1/2 Howard Street, Evanston, Illinois, legally described in Exhibit "A", which is attached hereto and incorporated herein by reference ("Property"). The City and Peckish One shall be referred to herein collectively as the "Parties".

RECITALS

WHEREAS, the City desires to foster local businesses and jobs as part of its economic revitalization efforts throughout Evanston and in accord with the TIF Guidelines, as defined herein; and

WHEREAS, the City Property is improved with a one-story commercial building and the City seeks to renovate the Property with TIF grant funds and in accordance with a commercial lease and option agreement between Parties, the term of which are incorporated herein by reference ("Commercial Lease and Option Agreement"); and

WHEREAS, the City has authorized Economic Development Division Staff to manage and administer this Agreement on behalf of the City including, without limitation, authorizing the City Manager to execute this Agreement with Peckish One, thereby establishing the terms, conditions, and requirements for participation in this Agreement in accordance with TIF Guidelines; and

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated herein by reference, and the mutual obligations of the parties as herein expressed, the City and Peckish One agree as follows:

AGREEMENT

I. DEFINITIONS

The following terms shall have the following meanings whenever used in this Agreement, except where the context clearly indicates otherwise. Any ambiguity as to the intended meaning or scope of the terms set forth below will be resolved solely by the City through its designated representative.

- a. "**Completion Date**" means the date that the contractor has finished the Project pursuant to the plans approved by City Council, the City Manager or his/her designee, and to the satisfaction of Peckish One, as evidenced by final payment to the contractor.

- b. **"Director"** means the City's Director of Community & Economic Development, who is responsible for managing and administering this Agreement on behalf of the City.
- c. **"Grant"** means the total amount of the City's grant of TIF monies to Peckish One for purposes of funding TIF eligible activities of the Project, which shall not exceed Two Hundred Thousand Dollars (\$200,000.00) and shall only be for approved improvements the amount approved by City Council.
- d. **"Project"** means the improvements on the Property as proposed by Peckish One and approved by the City Council. Specifically, Peckish One desires to renovate the Property to make it suitable for use as a restaurant and brewery establishment by using TIF funds for said renovation.
- e. **"TIF Eligible Activities"** means activities determined to be eligible for payment from the City's TIF fund under the guidelines of the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4 *et seq.*, as amended.
- f. **"TIF Guidelines"** means the regulations found in the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4 *et seq.*, as amended. All terms not defined herein shall have the meanings set forth in the TIF Guidelines.
- g. **"Total Allowable Expenses"** means the actual costs incurred, paid for, and documented by Peckish One and approved by the Director or his/her designee for the proper performance of the improvement work required by the plans and specifications and/or architectural/design renderings for the Project. Such allowable expenses must be TIF Eligible Activities.
- h. **"Total Project Expenditure"** means the total actual Project costs incurred by and paid for by the City, up to the amount of the Grant, and then payments made by Peckish One after the amount of the Grant has been spent, which includes all costs of construction, materials, & supplies.
- i. **"Vanilla Box Improvements"** means the improvements necessary to bring the Property up to all building Code standards and other basic improvements to bring the Property towards Peckish One's future use of the Property and the Grant will fund said improvements up to the amount of the Grant and TIF Eligible Activities. Attached as Exhibit "B" is the cost estimate for the Vanilla Box Improvements, but is not entire cost estimate for the Project.

II. TERMS OF GRANT

- a. City shall disburse funds in the principal amount of the Grant not to exceed Two Hundred Thousand and no/100 Dollars (\$200,000.00) from the City's Howard Ridge TIF Fund for improvements that are approved for funding for the Project.

- b. The Grant by the City pursuant to this Agreement constitutes a 1-year grant to Peckish One, until the tenant improvements for the Project are fully completed as described herein. If the Total Project Expenditures are greater than Two Hundred Thousand and no/100 Dollars (\$200,000.00), Peckish One shall be solely responsible for any payments to the contractor or subcontractors above the Grant fund amount. If any project costs are determined to not be TIF Eligible Activities, Peckish One must submit payment at its own expense and Grant funds may not be used and Peckish One shall receive no reimbursement from the City for non-TIF Eligible Activities.
- c. The City shall be invoiced directly by the contractors and subcontractors for payment. The Director or his designee shall review the invoices to ensure that the invoice charges are TIF Eligible Activities prior to payment. As currently proposed, the activities planned by Peckish One would qualify as TIF Eligible Activities. The Director or his designee shall promptly respond to the submission of any invoices and shall not withhold unreasonably any designation of TIF Eligible Activities.

III. PECKISH ONE'S RESPONSIBILITIES

- a. Peckish One shall provide a list of all construction activities to the City prior to commencement of work to verify that the project costs are TIF Eligible Activities. Of those activities it will be determined which are eligible expenses for payment by the City and are TIF-Eligible Activities.
- b. Peckish One shall comply with all terms and conditions of this Agreement and all applicable requirements of Federal, Illinois and City of Evanston law, including but not limited to paying contractors and subcontractors Illinois Prevailing wages, if applicable
- c. Peckish One shall ensure that all work done on the Project and paid for with Grant funds are TIF Eligible Activities. The City will separately evaluate whether the project costs are TIF Eligible Activities.
- d. Peckish One shall obtain and submit all required certificates of insurance, as set forth herein, to the City Manager or his/her designee within a period of seven (7) days following the execution of this Agreement.
- e. Peckish One shall be responsible for hiring licensed contractors to complete the Project. The Director or his/her designee may require submission of proof of the State License issued to the selected contractors.
- f. Peckish One shall be responsible for contacting the Director or his/her designee to obtain all City and other approvals and/or permits required for construction and completion of the Project.

- g. Peckish One shall be fully responsible for managing, monitoring, and scheduling the construction of the Project, for ensuring compliance with the payment of prevailing wages, if applicable, and for ensuring that all improvements are completed properly and in conformance with the approved project.
- h. Peckish One shall make a good faith effort to use Evanston-based businesses as frequently as is financially feasible when purchasing supplies and/or hiring subcontractors and administrative services providers for the Project. Peckish One shall obtain three (3) estimates for the scope of work for the Tenant Improvements and one (1) estimate must be obtained from an Evanston-based contractor.
- i. Upon completion of the Project, Peckish One shall notify the Director and request inspection of the Project by the Director or his/her designee(s).
- j. After completion of the Project, Peckish One shall submit to the Director or his/her designee a report that includes the following:
 - i. Letter indicating the Project is completed and the Total Cost Expenditures for the Project;
 - ii. All contractor invoices detailing the specific tasks completed in accordance with approved Project;
 - iii. Unconditional lien releases; and
 - iv. Any additional material reasonably requested by the Director or his/her designee.
- k. Peckish One shall maintain the Property in compliance with all applicable provisions of the Evanston City Code of 2012, as amended.
- l. Peckish One shall not be more than one hundred twenty (120) days in arrears with regards to any City utility and/or service bills.

IV. THE CITY'S RESPONSIBILITIES

- a. City shall use up to Two Hundred Thousand and no/100 Dollars (\$200,000.00) for the Grant from the City's Howard Ridge TIF Fund for the Project.
- b. The Director or his/her designee shall review Peckish One's contractors' and subcontractors' sworn statements and accompanying documents, and, if said documents meet all terms, conditions, and obligations under this Agreement and the TIF Guidelines for Eligible Project Costs, the Director or his/her designee shall, in the ordinary course of business, submit prompt payment to contractors and subcontractors.

- c. Within a reasonable time after Peckish One notifies City of the completion of the Project, the Director or his/her designee shall inspect the improvements to ensure they were completed in accordance with approved Project and its guidelines.

V. TIME OF PERFORMANCE

Peckish One shall complete the Project the later of (i) six (6) months after receiving any building permit related to the Project or (ii) December 1, 2013. Failure to complete the Project within six (6) months will result in Peckish One's breach of this Agreement. Requests for additional time and extensions in Project completion time will be granted, but only if submitted in writing prior to the expiration of the Agreement.

VI. INSURANCE

- a. During the entire period in which work on the Project is performed, Peckish One shall obtain and maintain in full force and affect during said period the following insurance policies: (i) Comprehensive General Liability Insurance in a general aggregate amount of not less than \$1,000,000, \$1,000,000 Products and Completed Operations Aggregate, and \$1,000,000 for each occurrence.
- b. All insurance policies shall name the City of Evanston, and their respective elected officials, officers, employees, agents, and representatives as an additional insured.
- c. All deductibles on any policy shall be the responsibility of the primary holder of such policy and shall not be the responsibility of the City.
- d. Peckish One shall provide evidence of required insurance to the Director within seven (7) days after execution of this Agreement.

VII. OBLIGATION TO REFRAIN FROM DISCRIMINATION

- a. Peckish One covenants and agrees for itself, its successors and its assigns to the Project, or any part thereof, that it will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, marital status, national origin or ancestry, or age or physical or mental disabilities that do not impair ability to work, and further that it will examine all job classifications to determine if minority persons or women are underutilized and will take appropriate affirmative action to rectify any such underutilization within reason.
- b. Peckish One agrees that if it hires additional employees in order to perform this contract, or any portion hereof, it will determine the availability of minorities and women in the area(s) from which it may reasonably recruit and it will hire for each

job classification for which employees are hired in such a way that minorities and women are not underutilized while at the same time hiring the most qualified applicants.

- c. Peckish One agrees that in all solicitations or advertisements for employees placed by it or on its behalf, it will state that all applicants will be afforded equal opportunity without discrimination because of race, color, religion, sex, sexual orientation, marital status, national origin, ancestry, or disability.

VIII. NO AGENCY CREATED

Peckish One and any contractor, supplier, vendor or any third party hired by Peckish One to complete the Project are not agents of the City. Any provisions of this Agreement that may appear to give the City any right to direct Peckish One concerning the details of the obligations under this Agreement, or to exercise any control over such obligations, shall mean only that Peckish One shall follow the direction of the City concerning the end results of the obligations.

IX. OWNERSHIP OF DOCUMENTS

All documents prepared and submitted to the City pursuant to this Agreement (including any duplicate copies) shall be the property of the City. The City's ownership of these documents includes use of, reproduction or reuse of and all incidental rights thereto. However, the City agrees not to disclose the blueprints or design elements that Peckish One uses for the Project with any competitor or representative of a competitor of Peckish One through a Freedom of Information Act (5 ILCS 140/1 *et seq.*) request.

X. INDEMNIFICATION AND HOLD HARMLESS

To the maximum extent permitted by law, Peckish One agrees to and shall defend, indemnify and hold harmless the City, and its respective officers, officials, employees, contractors and agents from and against all claims, liability, loss, damage, costs or expenses (including expert witness fees, reasonable attorneys' fees, and court costs) arising from or as a result of the death of any person or any accident, injury, loss or damage whatsoever caused to any person or property resulting or arising from or in any way connected with the following, provided Peckish One shall not be responsible for (and such indemnity shall not apply to) any negligence or willful misconduct of the City, or its respective officers, officials, active employees, contractors or agents:

- a. The development, construction, marketing, use or operation of the Property by Peckish One, its officers, contractors, subcontractors, agents, employees or other persons acting on Peckish One's behalf ("**Indemnifying Parties**");
- b. The displacement or relocation of any person from the Property as the result of the development of the Project on the Property by the Indemnifying Parties; provided, however, that the City and not Peckish One shall be solely responsible

for terminating any lease and/or the eviction of any individual or business currently inhabiting the Property.

- c. Any plans or designs for the Project prepared by or on behalf of Peckish One including, without limitation, any errors or omissions with respect to said documents;
- d. Any loss or damage to the City resulting from any inaccuracy in or breach of any representation or warranty of Peckish One, or resulting from any breach or default by Peckish One, under this Agreement; and
- e. Any and all actions, claims, damages, injuries, challenges and/or costs or liabilities arising from the approval of any and all entitlements or permits for the improvements by the City, and their respective officers, officials, employees, contractors or agents.

The foregoing indemnity shall continue to remain in effect after the Completion Date or after the earlier termination of this Agreement, as the case may be.

XI. DUTY TO DEFEND

Peckish One further agrees that the hold harmless agreement in Article X, and the duty to defend the City, and their respective officers, officials, employees, contractors and agents, require Peckish One to pay any costs that the City may incur which are associated with enforcing the hold harmless provisions, and defending any claims arising from obligations or services under this Agreement except for any willful misconduct of the City, or its respective officers, officials, representatives, active employees, contractors or agents.

XII. COMPLIANCE WITH LAW

Peckish One agrees to comply with all the requirements now or hereafter in force, of all municipal, county, state and federal authorities, pertaining to the development and use of the Property and construction of the Project, as well as operations conducted on the Property. The Director or his/her designee will not issue any Grant to the Peckish One if there is in violation of any law, ordinance, code, regulation, or permit. The City agrees to cooperate and assist Peckish One in such compliance if the assistance of the City is required.

XIII. TERMINATION

If Peckish One shall fail to cure any Event of Default upon notice and within the time for cure provided for herein, the City may, by written notice to the Peckish One, terminate this Agreement. Such termination shall trigger the "Repayment of Loan" defined herein. Peckish One may not terminate this Agreement without the express written consent of the City.

XIV. NOTICES

All notices permitted or required hereunder must be in writing and shall be effected by (i) personal delivery, (ii) first class mail, registered or certified, postage fully prepaid, or (iii) reputable same-day or overnight delivery service that provides a receipt showing date and time of delivery, addressed to the following parties, or to such other address as any party may, from time to time, designate in writing in the manner as provided herein:

To City: City of Evanston
Director of Community & Economic Development
2100 Ridge Avenue
Evanston, IL 60201
Telephone: 847.448.8100

With a copy to: City of Evanston
Attn: Corporation Counsel, W. Grant Farrar
2100 Ridge Avenue, Room 4400
Evanston, IL 60201
Telephone: 847.866.2937

To Peckish One: Peckish One, LLC
1028 Ashland
Evanston, Illinois 60202

Any written notice, demand or communication shall be deemed received immediately if personally delivered or delivered by delivery service to the addresses above, and shall be deemed received on the third day from the date it is postmarked if delivered by registered or certified mail.

XV. DEFAULT; REMEDIES; DISPUTE RESOLUTION

a. Notice of Default.

In the event of failure by either party hereto substantially to perform any material term or provision of this Agreement, the non-defaulting party shall have those rights and remedies provided herein, provided that such non-defaulting party has first provided to the defaulting party a written notice of default in the manner required herein identifying with specificity the nature of the alleged default and the manner in which said default may be satisfactorily be cured.

b. Cure of Default

Upon the receipt of the notice of default, the alleged defaulting party shall promptly commence to cure, correct, or remedy such default within 90 days and

shall continuously and diligently prosecute such cure, correction or remedy to completion.

c. City Remedies; Repayment of Loan.

In the event of a material default by Peckish One of the terms of this Agreement that has not been cured within the time frame set forth in Paragraph b above, the City, at its option, may terminate this Agreement or may institute legal action in law or in equity to cure, correct, or remedy such default, enjoin any threatened or attempted violation, or enforce the terms of this Agreement. In the event of a default by Peckish One that occurs after the City has disbursed any Grant funds, the total of such disbursement(s), plus any accrued interest, shall become immediately due and payable. All payments shall be first credited to accrued interest, next to costs, charges, and fees which may be owing from time to time, and then to principal. All payment shall be made in lawful money of the United States. Payments shall be made to City at the address set forth in Article X herein or at such other address as City may direct pursuant to notice delivered to Peckish One in accordance with Article XIV.

d. Peckish One's Exclusive Remedies.

The parties acknowledge that the City would not have entered into this Agreement if it were to be liable in damages under, or with respect to, this Agreement or any of the matters referred to herein, including the Project, except as provided in this Article. Accordingly, Peckish One shall not be entitled to damages or monetary relief for any breach of this Agreement by the City or arising out of or connected with any dispute, controversy, or issue between Peckish One and the City regarding this Agreement or any of the matters referred to herein, the parties agreeing that declaratory and injunctive relief, mandate, and specific performance shall be Peckish One's sole and exclusive judicial remedies except for any willful misconduct of the City, or its respective officers, officials, representatives, active employees, contractors or agents.

XVI. APPLICABLE LAW

The internal laws of the State of Illinois without regard to principles of conflicts of law shall govern the interpretation and enforcement of this Agreement.

XVII. CONFLICT OF INTEREST

- a. No member, official, or employee of the City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership, or association in which he/she is, directly or indirectly, interested.

- b. Peckish One warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement.

XVIII. NON-LIABILITY OF CITY OFFICIALS AND EMPLOYEES

No member, official, agent, legal counsel or employee of the City shall be personally liable to the Peckish One, or any successor in interest in the event of any default or breach by the City or for any amount which may become due to Peckish One or successor or on any obligation under the terms of this Agreement unless such person shall have acted outside the scope of his or her employment responsibilities.

XIX. BINDING EFFECT

This Agreement, and the terms, provisions, promises, covenants and conditions hereof, shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

XX. AUTHORITY TO SIGN

Peckish One hereby represents that the persons executing this Agreement on behalf of Peckish One have full authority to do so and to bind Peckish One to perform pursuant to the terms and conditions of this Agreement.

XXI. COUNTERPARTS

This Agreement may be executed by each party on a separate signature page, and when the executed signature pages are combined, shall constitute one single instrument.

XXII. ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

- a. This Agreement and the Exhibits and references incorporated into this Agreement express all understandings of the parties concerning the matters covered in this Agreement. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereof.
- b. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the City or the Peckish One, and all amendments hereto must be in writing and signed by the appropriate authorities of the City and the Peckish One.

XXIII. NON-ASSIGNMENT

Peckish One shall not assign the obligations under this Agreement, nor any monies due or to become due, without the City's prior written approval, and Peckish One and Peckish One's proposed assignee's execution of an assignment and assumption agreement in a form approved by the City. Any assignment in violation of this paragraph is grounds for breach of this Agreement, at the sole discretion of the City Manager. In no event shall any putative assignment create a contractual relationship between the City and any putative assignee.

XXIV. NO WAIVER

No failure of either the City or Peckish One to insist upon the strict performance by the other of any covenant, term or condition of this Agreement, nor any failure to exercise any right or remedy consequent upon a breach of any covenant, term, or condition of this Agreement, shall constitute a waiver of any such breach or of such covenant, term or condition. No waiver of any breach shall affect or alter this Agreement, and each and every covenant, condition, and term hereof shall continue in full force and effect.

XXV. REPRESENTATIONS AND WARRANTIES BY THE CITY

The City represents and warrants that (i) it has good and sole title to the Property, (ii) there are no liens existing against the title as of the date of the execution of this Agreement, (iii) that if any liens are placed against the Property which are not caused by Peckish One and are for actions that occurred prior to the execution of this Agreement, the City will undertake good faiths effort to have those liens removed and (iv) the TIF financing is available and appropriate for this Project and the City will make every effort to have the financing as a TIF Project approved.

XXVI. RIGHT TO INSPECTION

Notwithstanding any other provision of this Agreement, Peckish One shall have the right to inspect the Property for a period of seven (7) days following the execution of this Agreement. If, as a result of the inspection, Peckish One is advised and determines that the cost of bringing the Property up to all applicable use and building Codes exceeds Two Hundred Thousand Dollars (\$200,000), then Peckish One shall have the right to terminate this Agreement by written notice to the City within fourteen (14) days of the execution of this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties have signed this Agreement as of the date first written above.

THE CITY OF EVANSTON,
an Illinois home rule municipal corporation

By: Wally Bobkiewicz

Its: City Manager, Wally Bobkiewicz

PECKISH ONE LLC,
an Illinois limited liability company

By: Jamie Evans

Its: Manager, Jamie Evans

By: Debbie Mussell Evans

Its: Manager, Debbie Mussell Evans

Approved as to form:

By: Brent Johnson

Attorney at Law

ATTACHMENT:
Exhibit A – Legal Description of Property

Return this form to:
City of Evanston
Director Community & Economic Development
2100 Ridge Avenue
Evanston, IL 60201

Exhibit A

LEGAL DESCRIPTION OF PROPERTY

LOTS 7, 8 AND 9 IN BLOCK 1 IN NILES HOWARD TERMINAL ADDITION, BEING A SUBDIVISION OF THE SOUTH 6.25 FEET CHAINS (412 ½ FEET) OF THAT PART OF THE NORTHEAST ¼ OF SECTION 30, TOWNSHIP 41 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING WEST OF THE RIGHT OF WAY OF THE CHICAGO AND NORTH WESTERN RAILROAD COMPANY, IN COOK COUNTY, ILLINOIS.

Common Address: 623-627 1/2 Howard Street, Evanston, Illinois

PIN: 11-30-209-025-0000

EXHIBIT B
VANILLA BOX COST ESTIMATE



Prepared by: Douglas E. Lasch, AIA - Faith Environ Studio
 For: PeckishOne LLC
 February 18, 2013

PROPOSED RESTAURANT
 Preliminary Project Construction Budget
 Base Cost (Vanilla Box)
 623-627 1/2 W. HOWARD STREET
 EVANSTON, IL

		QUANTITY	UNIT COST	
1	SITE DEVELOPMENT & EXTERIOR			
a.	Exterior Brick, Window, & Door Renovations	260 lf	\$75.00	\$21,000.00
b.	New Signage	Allowance	\$4,000.00	\$4,000.00
	Subtotal			\$25,000.00
2	INTERIOR CONSTRUCTION:			
a.	Asbestos Abatement	Allowance	\$20,000.00	\$20,000.00
b.	Interior Demolition	4,278 sf	\$4.00	\$17,112.00
c.	New Interior Remodeling - Drywall & Floor Repairs, prime paint coat	3,955 sf	\$25.00	\$98,875.00
d.	New Interior Remodeling - Toilets	323 sf	\$165.00	\$53,295.00
e.	Misc. Patching & Repairs	Allowance		\$5,000.00
	Subtotal			\$194,282.00
3	Electrical			
a.	Service Entrance: new 400 A 120/208 overhead			
b.	New Subpanel; 200A 120/208V			
c.	New Fire Alarm System			
d.	HVAC connections			
e.	General Lighting (minimal lighting, exterior decorative lights, sign connection)			
		Allowance		\$80,000.00
	Subtotal			\$80,000.00
4	HVAC			
a.	(2) 7.5 ton RTU's			
b.	(1) 5.0 ton RTU			
c.	(1) 4.0 ton RTU			
d.	(1) Make up air unit (approx. 6,000 cfm)			
e.	(1) 6400 cfm Kitchen Exhaust (Incl. black iron)			
f.	(1) 750 cfm Dishwasher Exhaust			
g.	(3) small Toilet Room Exhausts			
h.	(3) 3 KW Cabinet Wall Heaters			
i.	Natural gas piping for HVAC & Kitchen equipment			
		Allowance		\$125,000.00
	Subtotal			\$125,000.00
	CONSTRUCTION SUBTOTAL			\$424,282.00
5	PERMITS & FEES			
a.	Architectural/Engineering Fee	8.5%		\$36,063.97
b.	Construction Permits & Fees	1.5%		\$6,364.23
c.	General Contractor Overhead & Profit	10.0%		\$42,428.20
d.	General Conditions	6.0%		\$25,456.92
e.	Legal Fees	Allowance		\$10,000.00
	Subtotal			\$120,313.32
	PRELIMINARY CONSTRUCTION BUDGET TOTAL			\$544,595.32

EXHIBIT B

DRAFT – NOT APPROVED

TIF Joint Review Board Meeting Minutes December 5, 2013

Attendees:

Board Members: Kathy Zalewski - School District 65, Ald. Ann Rainey – City of Evanston, Bill Stafford - District 202, Brian Rosinski - Ridgeville Park District, Valerie Kretchmer - Member at Large

Board Members Absent: Carolyn Dellutri - Downtown Evanston, Bob Novak - Oakton Community College, Larry Kaufman - Member at Large, Richard Kwasneski - PACE, Margaret Lee – Oakton Community College, Kathleen Therese Meany - Metropolitan Water Reclamation District, Robert Berry- North Shore Mosquito Abatement, Mayor Tisdahl – City of Evanston

City Staff: Johanna Nyden, Martin Lyons, Cindy Plante, Janella Hardin

Others in Attendance: Bob Rychlicki – Kane McKenna

I. Call to Order by Ald. Ann Rainey, Chair

Chair Ann Rainey called the meeting to order at 10:06 a.m.

II. Approval of Joint Review Board Meeting Minutes of February 21, 2013

Bill Stafford of School District 202, motioned to approve the minutes from February 21, 2013.

The minutes from February 21, 2013 were approved unanimously 4-0.

III. Review of Annual Reports for Fiscal Year January 1, 2012 – December 31, 2012

Johanna Nyden, Economic Development Division Manager, distributed maps to the committee and gave a brief overview of the five TIF districts.

- Chicago Main TIF was established in 2012 (not presented).
- Howard Hartrey TIF was expanded to include 222 Hartrey; Autobarn, located on Chicago Ave is interested in relocating their operations to that property.
- Southwest TIF will close soon; Major activity in this district is Ward Manufacturing.
- West Evanston has included small façade projects; The increment has not grown quickly.
- Downtown TIF completed street improvements; In 2013, the Music Institute of Chicago relocated to 1702 Sherman.
- Howard Ridge TIF borders the south end of Evanston; The City has purchased several properties along Howard Street to rehab in an effort to bring new businesses to Evanston; Peckish Pig, 623 Howard, a restaurant and Evanston's first brewpub will be opening later this month; The property was

purchased using funds that will be paid by to the TIF in increments. Funds from the TIF are being used for rehab and to bring the building up to code; When the owners of Peckish Pig purchase the property from the City all the funds used to pay for the property as well as the rehab will be recouped.

Assistant City Manager Marty Lyons provided a consolidated summary of each TIF, including projected activity and summary of revenues.

A. Southwest TIF District #2

Marty Lyons provided an executive summary to the Joint Review Board detailing the revenue and assessed value for each of the TIF Districts. He brought the Board's attention to page 19 of the report. He stated that the Southwest TIF District will terminate in October 2014.

At Ald. Rainey's request, Mr. Lyons confirmed the boundaries of this TIF are Main/Oakton/McCormick/Dodge. This district includes Ward Manufacturing and Sam's Club. The TIF went negative to complete the Ward Manufacturing project. There were not many distributions because the TIF began with a negative balance. He explained that the TIF is now positive, stable and active. There is one potential capital project scheduled in 2014 that would encompass the \$304,000 in the balance plus an additional increment of \$450,000. Any distributions at the close of this TIF will be nominal.

Ald. Rainey thought a report from Ward Manufacturing would be helpful in understanding how they have prospered from this TIF. Ms. Nyden suggested a tour of the facility.

Mr. Lyons added that the TIF's Equalized Assessed Value has increased from \$1 million to \$7 million. There are no anticipated changes in value. Ald. Rainey noted the community is well developed even with the lack of signage.

Mr. Lyons will provide "dates terminated" and "dates to be terminated" for the cover page of the report in the future. At Mr. Stafford's inquiry, Mr. Lyons confirmed that all efforts will be made to ensure that all necessary documentation is on file and the notification is made earlier notification regarding the dissolution of the TIFs.

Mr. Lyons noted that Arlington Heights sued Cook County after closing a TIF and receiving a bill for a \$250,000 refund that happened within the TIF. The City of Evanston took the opposite position after being charged \$180,000 for the Downtown TIF. The City had been paying down debt on the City's parking garages using TIF funds. We received a notice from the County 3 days ago and is being reviewed by Legal.

Mary Gavin, Evanston Roundtable, asked if the school districts will receive a distribution from the Southwest TIF like they did in the past. Mr. Lyons explained that the agreement expired. In the last year, \$1 million in surplus distributions were split between all taxing bodies from the Howard Hartrey TIF.

B. Howard Hartrey TIF District #3

The beginning balance as of January 1, 2012 was \$5,000,873, expenditures of \$1,882,296, for an ending balance as of December 31, 2012 of \$4,245,639. Mr. Lyons noted that the boundaries of the TIF have changed. There is also a new development in process with a total value in excess of \$10 million, which will be calculated into the assessed value for the remainder of the TIF.

Mr. Stafford thinks this will be a win/win for everyone involved. This TIF will become more valuable and add to the pie for the taxing bodies.

Ald. Rainey clarified that this project includes the shopping center on Howard that houses the Jewel, Best Buy, Target and Office Max. She added that there has never been a vacancy there.

Mr. Lyons confirmed the boundaries of the TIF are Howard/Hartrey/canal. He informed the group of the expansion of the Autobarn auto maintenance and detailing business from the Chicago Ave. location. They would bring all of their stock to this area and potentially bring other dealerships into Evanston.

Mr. Stafford added that District 202 has a wonderful relationship with Autobarn. Three of their graduates work as mechanics there. They also host an internship program for students and donated cars to the district's auto shop classes.

Autobarn confirmed that this opportunity will enhance training for the school districts. They will also hire 30 new employees for the expansion.

Mr. Lyons explained there are still some refinanced 2008D bonds left from the original bond issue. Ald. Rainey reminded the group that bonding in advance is a great way to jumpstart a TIF district.

The TIF started in 1992 starting with \$7,034,353 and grew to \$21,866,716 as of December 31, 2012. Mr. Lyons also noted page 24, which shows a \$1 million surplus.

C. Washington National TIF #4

Mr. Lyons confirmed the boundaries of the Washington National TIF are Church/Davis/Chicago/Elmwood. The fund balance as of December 31, 2012 was \$7,291,304.

The Davis Street construction is being partially financed by this TIF. A balance decrease is expected for 2013, which includes \$3.7 million in bond payments for Sherman Garage. A transfer is made from the TIF to the Parking Fund where the asset is. The Parking Fund then pays off the bond.

At Ald. Rainey's inquiry, Mr. Stafford explained that under the TIF Act sales tax generated from businesses within the TIF district can be accessed to reimburse the City.

Ald. Rainey requested reporting sales tax increments generated in districts that have never reported in the past.

Ms. Kretchmer asked about the potential of future developments that could increase the estimated assessed value during the term of the TIF. Ms. Nyden responded that it is unlikely since this TIF is scheduled to terminate in 2018. The Chicago/Main development is scheduled to open and operate in late 2015 or early 2016. The best case scenario is that the assessor would reassess with one year left before the TIF expires.

At Ms. Kretchmer's inquiry, Ms. Nyden explained that the space that used to house the Walgreens is fully leased with a daycare, Naf Naf Grill and a hair salon is relocating to that space. Lyfe Kitchen is relocating to the rotunda.

Mr. Lyons explained that there will still be funds here. The increment is approximately \$5 million. This TIF was hit by a downward reassessment with its value dropping to \$85,241,864 from close to \$100 million. We are awaiting a June/July report from the County with a new assessed value.

D. Howard Ridge TIF District #5

This TIF is bordered by Howard and Ridge. The balance is \$1,055,510 with some debt in the form of a line of credit with First Bank & Trust. The 2012 expenses included a property tax reimbursement for 415 Howard. This development was substantially reassessed downward, which lowered the property taxes from \$600,000 to \$300,000.

Ald. Rainey asked if the reassessment was based on formula reassessments or if it was based on vacancies. Mr. Lyons agreed to inquire and confirm. The development has confirmed it is 100% occupied.

Ms. Nyden discussed the new developments west of Chicago Ave. There are a few smaller projects in process including some property acquisition. Ald. Rainey noted that once the properties are rented or sold we will receive reimbursements.

Ms. Nyden confirmed that the cocktail lounge has completed 1 1/2 years of a 3 year lease-to own-portion of a 5 year deal. They will purchase the property in a year and a half. If they choose not to purchase the property between years 3 and 5, the City can sell it to someone else as an investment property.

Peckish Pig has a 7 year lease-to-own deal, which includes 18 months of free rent. After 18 months payments will ramp up toward the eventual purchase of the property. They will pay back every penny invested.

Ms. Nyden confirmed that Ward Eight has never missed a payment on any of their loans. They have paid rent since June of last year that goes to Community Development. There is a commercial portion that goes to a fund backed by the TIF. They have also been repaying a \$30,000 loan for equipment through the Community Development Block Grant since January 1, 2013. Ald. Rainey stated that despite community outcry, Ward Eight will not fail.

E. West Evanston TIF District #6

Mr. Lyons explained that this TIF contributed \$600,000 to the Emerson Square residential development. It is currently a short-term line of credit with First Bank and Trust, which is still paying under 2% interest. The current balance is \$872,847 with \$600,000 as a loan.

The TIF will have a negative increment next year. The highest increment in this TIF was \$450,000. The beginning EAV for the TIF area was \$37 million and is now \$45 million

There are a variety of deals in the works at Church at Dodge and property east of Dodge. The West Evanston plan will be revisited with Aids. Holmes and Braithwaite. We are awaiting the June/July report from the County with a new assessed value.

At Ms. Kretchmer's inquiry, Ms. Nyden discussed the west side plan implementation. Autobarn has been leasing a portion of the Robinson lot. Once they move to 222 Hartrey, it will set into motion a number of things. There is a plan in place when things become available for redevelopment.

From District 202's point of view, Mr. Stafford feels that West Evanston TIF is very important. It is viewed as a partnership with the City and is well positioned for the future.

Mr. Lyons stated that there is still 16 years left in this TIF. Most of the TIF property is a lot or the right-of-way, which means less demolition and more remediation.

Mr. Lyons thanked First Bank & Trust for stepping up and agreeing to extend a line of credit when the County was late with property taxes.

At Ms. Kretchmer's inquiry, Mr. Rychlicki explained that the TIFs are doing very well compared to other west suburban towns. Overall, these TIFs have done better Cook County wise than others. Potential issues could arise from the newer TIFs. However, they do not have a lot of debt.

Mr. Lyons explained that the Downtown TIF is a visible success. It is a huge community center.

Ald. Rainey asked if there will be an assessment for the children of the Emerson Square schools. Mr. Rychlicki explained that there must be a redevelopment agreement on file. Mr. Lyons will confirm the assessment due to the funds from the West Evanston TIF in support of the Emerson Square project.

Mr. Stafford motioned to accept the annual report; seconded by Ms. Kretchmer. Vote called and taken.

IV. Adjournment

Mr. Stafford motioned to adjourn, seconded by Ms. Kretchmer. Meeting adjourned at 11:26 a.m.

EXHIBIT C



BAKER TILLY

Baker Tilly Virchow Krause, LLP
1301 W 22nd St, Ste 400
Oak Brook, IL 60523-3389
tel 630 990 3131
fax 630 990 0039
bakertilly.com

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE

To the Honorable Elizabeth B. Tisdahl, Mayor and
Members of the City Council
Evanston, Illinois

We have audited the basic financial statements of the City of Evanston, Illinois, as of and for the year ended December 31, 2013, and have issued our report thereon dated July 2, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance with laws, regulations, contracts and grants applicable to the City of Evanston is the responsibility of the City of Evanston's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, we performed tests of the City of Evanston's compliance with provisions in Subsection (q) of Section 11-74.4-3 of Public Act 85-1142, "An Act in Relation to Tax Increment Financing", noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance.

This report is intended solely for the information and use of the City Council, management, the State of Illinois, and others within the City and is not intended to be, and should not be, used by anyone other than the specified parties.

Baker Tilly Virchow Krause, LLP
Oak Brook, Illinois
July 2, 2014

CITY OF EVANSTON, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet - Continued
As of December 31, 2013

Assets	Special Revenue			
	Town	General Assistance	Total Township Funds	Total Special Revenue
Cash and equivalents	\$ 186,989	\$ 439,115	\$ 626,104	\$ 6,823,474
Investments	-	-	-	363,439
Receivables				
Property taxes (net of allowance)				
Current year levy	246,331	886,553	1,132,884	1,502,884
Notes	-	-	-	7,781,837
Allowance	-	-	-	(90,000)
Special assessments	-	-	-	-
Other	-	-	-	938,937
Prepaid items	-	50,543	50,543	50,543
Due from other governments	-	-	-	528,349
Due from other funds	-	14,446	14,446	89,164
Total Assets	\$ 433,320	\$ 1,390,657	\$ 1,823,977	\$ 17,988,627
Liabilities and Fund Balances				
Liabilities				
Vouchers payable	\$ 3,813	\$ 49,100	\$ 52,913	\$ 480,196
Due to other governments	-	-	-	4,558
Due to other funds	14,446	-	14,446	283,821
Total Liabilities	18,259	49,100	67,359	768,575
Deferred Inflows of Resources				
Property taxes	200,033	751,063	951,096	1,612,625
Fund Balances				
Nonspendable	-	50,543	50,543	50,543
Restricted				
Highway maintenance	-	-	-	1,312,568
Emergency telephone system	-	-	-	1,220,879
HUD approved projects	-	-	-	6,309,598
Neighborhood improvements	-	-	-	2,600,993
Debt service	-	-	-	-
Township	215,028	539,951	754,979	754,979
Committed - Economic Development	-	-	-	3,507,202
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	(149,335)
Total Fund Balances (Deficit)	215,028	590,494	805,522	15,607,427
Total Liabilities, Deferred Inflows and Fund Balances	\$ 433,320	\$ 1,390,657	\$ 1,823,977	\$ 17,988,627

Debt Service						
Special Service District No.5	Southwest Tax Increment District	Howard Hartrey Tax Increment District	Washington National Tax Increment District	Howard Ridge Tax Increment District	West Evanston Tax Increment District	Total Debt Service
\$ 43,578	\$ 43,074	\$ 4,041,414	\$ 5,225,867	\$ 183,302	\$ 552,639	\$ 10,089,874
-	-	-	-	-	-	-
436,605	480,767	1,106,614	4,435,648	466,980	41,682	6,968,296
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
370,000	290,000	-	-	195,000	-	855,000
\$ 850,183	\$ 813,841	\$ 5,148,028	\$ 9,661,515	\$ 845,282	\$ 594,321	\$ 17,913,170
\$ -	\$ -	\$ -	\$ 95,826	\$ 1,339	\$ -	\$ 97,165
-	-	-	-	-	-	-
-	-	700,000	500,000	-	15,000	1,215,000
-	-	700,000	595,826	1,339	15,000	1,312,165
375,298	469,124	1,090,980	4,028,248	455,326	41,682	6,460,658
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
474,885	344,717	3,357,048	5,037,441	388,617	537,639	10,140,347
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
474,885	344,717	3,357,048	5,037,441	388,617	537,639	10,140,347
\$ 850,183	\$ 813,841	\$ 5,148,028	\$ 9,661,515	\$ 845,282	\$ 594,321	\$ 17,913,170

Continued

CITY OF EVANSTON, ILLINOIS

Nonmajor Governmental Funds

Combining Statements of Revenues, Expenditures, and Changes in Fund Balances - Continued
 For the Fiscal Year ended December 31, 2013 and Twenty One Months ended December 31, 2013
 for City and Township respectively

	Special Revenue			
	Town	General Assistance	Total Township Funds	Total Special Revenue
Revenues				
Taxes	\$ 503,694	\$ 1,555,480	\$ 2,059,174	\$ 5,250,722
Special assessments	-	-	-	-
Intergovernmental	-	-	-	8,578,983
Investment income	299	1,149	1,448	12,721
Miscellaneous	-	50,595	50,595	366,987
Total Revenues	503,993	1,607,224	2,111,217	14,209,413
Expenditures				
Current				
General management and support	648,807	2,535,983	3,184,790	3,184,790
Public safety	-	-	-	922,147
Public works	-	-	-	972,788
Housing and economic development	-	-	-	6,054,189
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	648,807	2,535,983	3,184,790	11,133,914
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(144,814)	(928,759)	(1,073,573)	3,075,499
Other Financing Sources (Uses)				
Issuance of debt	-	-	-	-
Premiums and discount	-	-	-	-
Transfers in (out)				
General	-	-	-	(1,523,271)
General Obligation Debt Service	-	-	-	-
Economic Development	-	-	-	-
Howard Ridge Tax Increment District	-	-	-	48,500
Motor Vehicle Parking System	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	(1,474,771)
Net Change in Fund Balances	(144,814)	(928,759)	(1,073,573)	1,600,728
Fund Balances (Deficit) - Beginning	359,842	1,519,253	1,879,095	14,006,699
Fund Balances (Deficit) - Ending	\$ 215,028	\$ 590,494	\$ 805,522	\$ 15,607,427

Debt Service						
Special Service District No.5	Southwest Tax Increment District	Howard Hartrey Tax Increment District	Washington National Tax Increment District	Howard Ridge Tax Increment District	West Evanston Tax Increment District	Total Debt Service
\$ 460,062	\$ 492,410	\$ 1,122,248	\$ 4,488,658	\$ 194,881	\$ 46,252	\$ 6,804,511
-	-	-	-	-	-	-
585	2	14,087	13,072	344	167	28,257
-	-	-	-	33,014	-	33,014
460,647	492,412	1,136,335	4,501,730	228,239	46,419	6,865,782
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	2,188,934	-	-	2,188,934
-	423,134	1,159,915	100,934	726,232	314,353	2,724,568
340,000	-	645,000	425,000	-	-	1,410,000
78,816	-	75,611	78,375	-	7,274	240,076
-	-	-	-	-	-	-
418,816	423,134	1,880,526	2,793,243	726,232	321,627	6,563,578
41,831	69,278	(744,191)	1,708,487	(497,993)	(275,208)	302,204
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(29,500)	(144,400)	(331,000)	(120,400)	(60,000)	(685,300)
-	-	-	-	-	-	-
-	-	-	-	(48,500)	-	(48,500)
-	-	-	-	-	-	-
-	-	-	(3,631,350)	-	-	(3,631,350)
-	(29,500)	(144,400)	(3,962,350)	(168,900)	(60,000)	(4,365,150)
41,831	39,778	(888,591)	(2,253,863)	(666,893)	(335,208)	(4,062,946)
433,054	304,939	4,245,639	7,291,304	1,055,510	872,847	14,203,293
\$ 474,885	\$ 344,717	\$ 3,357,048	\$ 5,037,441	\$ 388,617	\$ 537,639	\$ 10,140,347

Continued