

1/27/2015

**9-R-15**

**A RESOLUTION**

**Authorizing the City Manager to Negotiate and Execute a Loan Modification with Corrado Cutlery, LLC**

**WHEREAS**, the City of Evanston and Corrado Cutlery, LLC, an Illinois limited liability company ("Corrado Cutlery") entered into a construction loan agreement (the "Loan Agreement") dated January 25, 2012 for a loan in the principal amount of Thirty-One Thousand Five Hundred and no/100 Dollars (\$31,500.00) (the "Loan"), the Loan Agreement is attached and incorporated herein as Exhibit 1; and; and

**WHEREAS**, the Loan was provided to Corrado Cutlery to fund the renovation of the commercial storefront at 716 Main Street for the future operation of a retail goods establishment at the property; and

**WHEREAS**, the Loan Agreement specifies that if Corrado Cutlery paid half of the Loan (\$15,750.00) and complied with certain public benefits, which includes the (a) creation of two (2) full-time positions and one (1) part-time position, and (b) Corrado Cutlery must remain a Tenant at the renovated Property throughout the Loan Term, half of the Loan would be forgiven;

**WHEREAS**, Corrado Cutlery seeks certain amendments to the terms of the Loan Agreement, including deleting the requirement that 2 full-time employee positions and one part-time employee must be created and removing the requirement that the business must be located at the property (the "Loan Modifications"); and

WHEREAS, the City Council of the City of Evanston has determined that the best interests of the City would be served by modifying the terms of the Loan and to maintain an existing business,

NOW BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EVANSTON, COOK COUNTY, ILLINOIS, THAT:

**SECTION 1:** The City Manager is hereby authorized to negotiate and execute a loan modification with Corrado Cutlery, LLC based on the following modifications: (a) delete Section 3(j), which currently requires Corrado Cutlery to create 2 full-time employees and 1 part-time employee; and (b) delete references to the requirement that Corrado Cutlery must operate its business at 716 Main Street.

**SECTION 2:** The City Manager is hereby authorized and directed to negotiate any additional conditions of the loan agreement, mortgage and promissory note as he may determine to be in the best interests of the City and in a form acceptable to the Corporation Counsel. Prior to the City's execution of the modified Loan Documents, the Borrower must be in good standing with the State of Illinois and must comply with all requests for documents prior to any loan modification.

**SECTION 3:** This Resolution 9-R-15 shall be in full force and effect from and after its passage and approval in the manner provided by law.

  
Elizabeth B. Tisdahl, Mayor

Attest:  
  
Rodney Greene, City Clerk

Adopted: February 9, 2015

**EXHIBIT 1**

**CONSTRUCTION LOAN AGREEMENT**

## CONSTRUCTION LOAN AGREEMENT

THIS CONSTRUCTION LOAN AGREEMENT ["**Agreement**"] is entered into on this 25 day of JANUARY, 2012 ["**Effective Date**"], by and between the City of Evanston ["**City**"], and Corrado Cutlery, LLC, an Illinois limited liability company ["**Borrower**"], regarding the rehabilitation and occupation of property located at 716 Main Street, Evanston, Illinois, legally described in Exhibit "A", which is attached hereto and incorporated herein by reference ["**Property**"].

### RECITALS

WHEREAS, the City desires to retain local businesses and jobs as part of its economic revitalization efforts throughout Evanston; and

WHEREAS, Borrower intends to operate a retail goods establishment in the Property (the "**Store**"); and

WHEREAS, the City Council has authorized staff to manage and administer this Agreement on behalf of the City, including, without limitation, authorizing the City Manager to execute this Agreement with Borrower, thereby establishing the terms, conditions, and requirements for participation in this Agreement in accordance with City Guidelines; and

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated herein by this reference, and the mutual obligations of the parties as herein expressed, the City and Borrower 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 Borrower, as evidenced by final payment to the contractor from Borrower.
- b. "**Director**" means the City's Director of Community & Economic Development, who shall manage and administer this Agreement on behalf of the City.

- c. "**Loan**" means the total amount of the City's loan of Economic Development Fund monies to Borrower for purposes of funding the Project, which shall not exceed \$31,500, the amount approved by City Council.
- d. "**Project**" means the improvements on the Property as proposed by Borrower and approved by the City Council. Specifically, Borrower desires to rehabilitate the Property to make it suitable for use as a Store.
- e. "**Total Allowable Expenses**" means the actual costs incurred, paid for, and documented by Borrower 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.
- f. "**Total Project Expenditure**" means the total actual Project costs incurred by and paid for by Borrower including the costs of construction, materials, & supplies.

## II. TERMS OF LOAN - REPAYABLE OVER 3 YEARS

- a. City shall lend Borrower moneys not to exceed \$31,500.00 (the "**Loan Amount**") from the City's Economic Development Fund's Business Attraction and Expansion Account in accord with the terms of this Agreement.
- b. The City shall disburse the Loan moneys to Borrower in two (2) installments. The first such disbursement, not to exceed \$26,000.00, shall follow Borrower's completion of the Project except for the installation of the window security screen. The second such disbursement, not to exceed \$5,500.00, shall be after the installation of said window security screen. The City shall not disburse any either Loan installment to Borrower until all of the relevant Project work has been completed, all of the relevant Project work has been inspected and approved by the City Manager, Director, or his/her designee, all payments for said work have been made to contractors, materials suppliers, and vendors, and Borrower has received a City-issued business license. Borrower shall self-finance the Project. During construction, Borrower shall submit to the Director or his/her designee itemized invoices detailing work completed and materials purchased. Such invoices shall include proof of payment to all contractors, suppliers, and vendors. Borrower shall be responsible for all payments to the contractors, materials suppliers, and vendors, and for providing true and correct copies thereof to the City.
- c. One-half (½) of the Loan, not to exceed \$15,750.00, constitutes a three (3)-year loan to Borrower, with 0% interest. Borrower shall repay the City in thirty-six (36) equal monthly payments, the first of which shall be due no later than three (3) months after the City disburses any Loan moneys to Borrower. The thirty-nine (39) months after the City disburses the Loan to Borrower shall be referred to as the "**Loan Repayment Period.**"

- d. One-half (½) of the Loan, not to exceed \$15,750.00, constitutes a loan to Borrower that shall be forgiven provided that Borrower complies with all the terms of this Agreement for the entirety of the Loan Repayment Period.

### III. BORROWER'S RESPONSIBILITIES

- a. Borrower shall comply with all terms and conditions of this Agreement and all applicable requirements of Federal, Illinois, and City of Evanston law.
- b. Borrower shall obtain and submit all required certificates of insurance, as set forth herein, to the City Manager or his/her designee upon execution of this Agreement and prior to City's execution.
- c. Borrower 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.
- d. Borrower shall be responsible for contacting the Director or his/her designee to arrange for obtaining all City and other approvals and/or permits required for construction and completion of the Project.
- e. Borrower 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.
- f. Borrower shall employ best commercial efforts 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.
- g. Upon completion of the Project, Borrower shall notify the Director and request inspection of the Project by the Director or his/her designee(s).
- h. Borrower shall complete the Project no later than three hundred sixty-five (365) days after receiving any building permit related to the Project.
- i. After completion of the Project, Borrower shall submit to the Director or his/her designee a report that includes the following:
  - i. Cover letter indicating Project completion and Total Project Expenditures;
  - ii. All contractor invoices detailing the specific tasks completed in accordance with approved Project;
  - iii. Proof of payment of all invoices for all expenditures for the Project;

- iv. Any additional material requested by the Director or his/her designee.
- j. No later than one (1) year after the City disburses the Loan to Borrower pursuant to this Agreement, Borrower shall employ no fewer than two (2) new full-time employees and at least one (1) new part-time employee. Borrower shall maintain said positions until the end of the Loan Repayment Period. Borrower shall employ best commercial efforts to fill said positions with Evanston residents.
- k. During the Loan Repayment Period, Borrower's commercial activities on the Property shall generate an average of no less than \$6,000.00 in annual sales tax revenue for the City.
- l. Borrower shall acknowledge, in any Store opening press release(s), that the City's Loan was vital to completion of the Project.
- m. Borrower shall execute and deliver to the City, contemporaneously with this Agreement, a security agreement creating a lien on all furnishings paid for with Loan moneys (including without limitation, furniture, furnishings, and equipment) used or to be used in the operation of the Store, together with appropriate financing statements under the Uniform Commercial Code, all in form and content satisfactory to the City (the "**Security Agreement**"). If Borrower ceases to operate the Store before the end of the Loan Repayment Period, the City may exercise its rights pursuant to the Security Agreement.

#### IV. THE CITY'S RESPONSIBILITIES

- a. Within a reasonable time after Borrower 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 scope.
- b. City shall issue Borrower a business license on condition that Borrower's application complies with all applicable terms of the Evanston City Code of 1979, as amended, and the terms of this Agreement.
- c. Director or his/her designee shall review Borrower's request and accompanying documents for the Loan. If Borrower meets all its terms, conditions, and obligations under this Agreement, the Director or his/her designee shall issue the Loan made pursuant to this Agreement, in an amount not to exceed \$31,500.00.

#### V. TIME OF PERFORMANCE

The Borrower shall complete the project no later than three hundred sixty-five (365) days after receiving any building permit related to the Project. Failure to complete the Project within three hundred sixty-five (365) days will result in Borrower's breach of this Agreement. Requests for additional time and extensions in project completion time may 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, the Borrower shall obtain and maintain in full force and effect 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 each occurrence and including; (ii) Automobile Insurance, maintained in full force and effect in an amount of not less than \$1,000,000 per accident;
- b. The Comprehensive General Liability Insurance and Automobile Insurance policies shall name the City of Evanston, and their respective elected officials, officers, employees, agents, and representatives as additional insureds.
- 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 of Evanston.
- d. Borrower shall provide evidence of required insurance to the Director before execution of this Agreement.

## VII. OBLIGATION TO REFRAIN FROM DISCRIMINATION

- a. Borrower covenants and agrees for itself, its successors and its assigns to the Property, 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.
- b. 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.
- c. 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

The Borrower and any contractor, supplier, vendor or any third party hired by Borrower 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 the Borrower concerning the details of the

obligations under this Agreement, or to exercise any control over such obligations, shall mean only that the Borrower 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.

#### X. INDEMNIFICATION AND HOLD HARMLESS

To the maximum extent permitted by law, the Borrower 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 Borrower shall not be responsible for (and such indemnity shall not apply to) any negligence or willful misconduct of the City, or their respective officers, officials, active employees, contractors or agents:

- a. The development, construction, marketing, use or operation of the Property by the Borrower, its officers, contractors, subcontractors, agents, employees or other persons acting on Borrower'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;
- c. Any plans or designs for the Project prepared by or on behalf of Borrower 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 Borrower, or resulting from any breach or default by Borrower, 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

Borrower 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 the Borrower 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. If the City chooses at its own election to conduct its own defense, participate in its own defense, or obtain independent legal counsel in defense of any claim related to obligations or services under this Agreement, the Borrower agrees to pay the City's attorney's fees, expert witness fees, and all costs.

## XII. COMPLIANCE WITH LAW

Borrower 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 Loan to the Borrower if there is in violation of any law, ordinance, code, regulation, or permit.

## XIII. TERMINATION

If Borrower 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 Borrower, terminate this Agreement. Such termination shall trigger the "Repayment of Loan" defined herein.

Borrower may not terminate this Agreement without the express written consent of 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  
Facsimilie: 847.448.8020  
Email: [economicdevelopment@cityofevanston.org](mailto:economicdevelopment@cityofevanston.org)

To Borrower: Corrado Cutlery  
716 Main Street  
Evanston, Illinois 60202  
Telephone: 847.563.8805  
Facsimile: 847.868.8264  
Attention: Jim Bilger, President

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 the same to completion.

##### c. City Remedies; Repayment of Loan.

In the event of a default by Borrower of the terms of this Agreement that has not been cured within the timeframe 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 Borrower that occurs after the City has disbursed any Loan 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 XIV herein or at such other address as City may direct pursuant to notice delivered to Borrower in accordance with Article XIV.

d. Borrower'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, Borrower 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 Borrower 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 Borrower's sole and exclusive judicial remedies.

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/her personal interests or the interests of any corporation, partnership, or association in which he/she is, directly or indirectly, interested.
- b. The Borrower 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 Borrower, 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 Borrower or successor or on any obligation under the terms of this Agreement.

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

The Borrower hereby represents that the persons executing this Agreement on behalf of Borrower have full authority to do so and to bind Borrower 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 Borrower, and all amendments hereto must be in writing and signed by the appropriate authorities of the City and the Borrower.

**XXIII. NON-ASSIGNMENT**

The Borrower shall not assign the obligations under this Agreement, nor any monies due or to become due, without the City's prior written approval, and Borrower and Borrower'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 the Borrower 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.

[Signature page to follow]

IN WITNESS WHEREOF, the City, and the Borrower have signed this Agreement as of the dates set opposite their signatures.

"CITY"

Dated: 1-26-2012

By: Wally Bobkiewicz  
Name: WALLY BOBKIEWICZ  
Title: CITY MANAGER

"BORROWER"

Dated: 1-25-2012

By: [Signature]  
Name: JAMES R. BILBOE  
Title: PRESIDENT

ATTACHMENT:

1. Exhibit A – Legal Description of Property

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

Approved as to form:  
[Signature]  
W. Grant Farrar  
Corporation Counsel

**Exhibit A:**

**LEGAL DESCRIPTION OF PROPERTY**

LOT 3 (EXCEPT THE EAST 23 FEET THEREOF) AND ALL OF LOT 4 IN BLOCK 1 IN ADAM & BROWN'S ADDITION TO EVANSTON, IN THE NORTH ½ OF THE NORTH ½ OF THE SOUTHWEST ¼ OF SECTION 19, TOWNSHIP 41 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

**PINs:** 11-19-303-006-0000  
11-19-303-007-0000  
11-19-303-034-0000

**Commonly Known As:** 714-16 Main Street, Evanston, Illinois.

## SECURITY AGREEMENT

THIS AGREEMENT is made as of this 25 day of January, 2012 between **CORRADO CUTLERY, LLC**, an Illinois limited liability company (the "**Debtor**"), as the debtor, and **CITY OF EVANSTON** (the "**Secured Party**"), as the secured party.

A. The Debtor is indebted to the Secured Party in the principal sum of up to **THIRTY ONE THOUSAND FIVE HUNDRED AND 00/100 Dollars (\$31,500.00)**, pursuant to the terms of that certain Construction Loan Agreement of even date herewith (the "**Loan Agreement**") providing for the issuance and repayment of principal, interest-free, and providing for a final payment of all sums due thereunder on or before expiration of the Loan Repayment Period (as defined in the Loan Agreement), as more specifically set forth therein.

For good and valuable consideration received, the Debtor hereby agrees for the benefit of the Secured Party as follows:

**Section 1. Grant of Security Interest.** The Debtor hereby grants the Secured Party a security interest (the "**Security Interest**") in all furnishings installed at the property commonly known as 716 Main Street, Evanston, Illinois 60202 (the "**Property**") which are paid for with proceeds from the Loan, including without limitation, all furniture, fixtures, furnishings, and equipment, used or to be used in the operation of the Debtor's business at the Property.

**Section 2. Representations and Warranties.** The Debtor represents, warrants and agrees that:

(a) **Organization and Qualification.** It is duly organized, validly existing and in good standing as a corporation under the laws of the state of Illinois and has full power and authority to carry on its business as it is now being conducted, and to make and deliver this Security Agreement and all documents incidental thereto.

(b) **Authorization.** This Agreement and the transactions contemplated hereby have been duly authorized by the Debtor and upon the execution and delivery of this Agreement by the Debtor, this Agreement will constitute the valid and binding obligation of the Debtor, enforceable in accordance with its terms.

(c) **Violation of Existing Agreements.** Neither the execution of this Agreement nor the granting of the Security Interest evidenced hereby will violate or constitute in any material respect a default under any provisions of the organizational documents of the Debtor or of any agreement or instrument to which the Debtor is a party or is otherwise bound or by which the property of the Debtor may be affected.

(d) **Collateral Unencumbered.** The Debtor has (or will have at the time it acquires rights in Collateral hereafter arising), and will maintain so long as the Security Interest may remain outstanding, absolute title to the Collateral and all proceeds thereof, free and clear of all interests, liens, attachments, encumbrances and security interests, except the Security Interest. The Debtor will defend the Collateral against all claims or demands of all persons (other than the Secured Party) claiming the Collateral and any

interest therein. The Debtor will not sell or otherwise dispose of the Collateral or any interest therein, without the Secured Party's prior written consent.

(e) **Governmental Assessments.** The Debtor will promptly pay all taxes and other governmental charges levied or assessed upon, against or with respect to the Collateral or upon or against the creation, perfection or continuance of the Security Interest.

(f) **Pledge of Instruments, Documents and Chattel Paper.** Upon request by the Secured Party, whether such request is made before (in connection with any pledge of the Collateral as security for financing incurred by the Secured Party) or after the occurrence of an Event of Default, the Debtor will promptly deliver to the Secured Party in pledge all instruments, documents and chattel papers constituting Collateral, duly endorsed or assigned by the Debtor.

**Section 3. Events of Default.** Each of the following occurrences shall constitute an Event of Default under this Agreement (herein called an "**Event of Default**"): (i) after thirty (30) days written notice and opportunity to cure, the Debtor shall fail to observe or perform any material covenant or agreement binding on the Debtor under this Agreement or under any other assignment, conveyance, instrument or agreement now in effect or hereafter made between the Debtor and the Secured Party; (ii) after thirty (30) days written notice and opportunity to cure, any material representation or warranty made by the Debtor in this Agreement or in any such other assignment, conveyance, instrument, agreement or certificate heretofore or at any time hereafter submitted by or on behalf of the Debtor to the Secured Party, shall prove to have been false or materially misleading when made; or (iii) the Debtor shall declare bankruptcy or commit an act of bankruptcy under the United States Bankruptcy Act or shall file, voluntarily, a petition in bankruptcy or for reorganization or for the adoption of an arrangement or plan under the United States Bankruptcy Act or shall procure or suffer the appointment of a receiver for any substantial portion of its properties or shall initiate any act, process or proceeding under any insolvency law or other statute or law providing for the modification or adjustment of the rights of creditors.

**Section 4. Rights and Remedies Upon Default.** Upon the occurrence of an Event of Default under Section 3 and at any time thereafter, the Secured Party may exercise one or more of the following rights and remedies: (i) enforce any and all rights and remedies available upon default to a secured party under the Uniform Commercial Code, including, without limitation, the right to take possession of the Collateral, or any evidence thereof, proceeding by judicial process and the right to sell, lease or otherwise dispose of any or all of the Collateral, and in connection therewith the Debtor will on demand assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties; provided, however, if notice to the Debtor of any intended disposition of Collateral or any other intended action is required by law in a particular instance, such notice shall be deemed commercially reasonable if given (in the manner specified in Section 7) at least fifteen (15) calendar days prior to the date of intended disposition or other action; or (ii) exercise or enforce any and all other rights or remedies available by law or agreement against the Collateral, against the Debtor or against any other person or property, including, without limiting the generality of the foregoing, the right to sell, assign and deliver the Collateral, or any part thereof, at public or private sale, as the Secured Party may determine in good faith and at such prices as the Secured Party determines are commercially reasonable. At any time prior to the

occurrence of an Event of Default, the Debtor shall have the right to enjoy the Collateral and exercise all rights in connection therewith.

**Section 5. Duties of the Secured Party Regarding Collateral.** After a sale, as provided by law, the Debtor is entitled to any surplus and shall remain liable for any deficiency. The Secured Party shall not be obligated to preserve any rights the Debtor may have against prior parties to realize on the Collateral at all or in any particular manner or order or to apply any cash proceeds of the Collateral in any particular order of application.

**Section 6. Waivers, etc.; Rights Cumulative.** This Agreement can be waived, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by the Secured Party. A waiver so signed shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any rights and remedies available to the Secured Party. All rights and remedies of the Secured Party shall be cumulative and may be exercised singularly in any order or sequence, or concurrently, at the Secured Party's option, and the exercise or enforcement of any such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. This Agreement may be amended only with the written consent of the Debtor and the Secured Party.

**Section 7. Notices.** All notices to be given to any party hereto shall be deemed sufficiently given if delivered or mailed by registered, certified or ordinary mail, postage prepaid, to the party at its most recent address shown in the Loan Agreement.

**Section 8. Binding Effects and Benefits.** This Agreement, and the Security Interest granted hereby, shall be binding upon the Debtor, its successors and assigns and shall inure to the benefit of and be enforceable by the Secured Party and each and all of its participants, successors and assigns. All rights and powers specifically conferred upon the Secured Party may be transferred or delegated to any of the participants, successors or assigns of the Secured Party; provided, however, that the Secured Party may not assign, transfer or delegate any rights and powers hereunder to other than an Affiliate of the Debtor without the advance written consent of the Debtor.

**Section 9. Governing Law.** Except to the extent otherwise required by law, this Agreement and the transaction evidenced hereby shall be governed by the substantive laws of the State of Illinois.

**Section 10. Severability.** If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby.

**Section 11. Survival of Representations and Warranties.** All representations and warranties contained in this Agreement or in any other agreement between the Debtor and the Secured Party shall survive the execution, delivery and performance of this Agreement and the creation and payment of the obligations.

**Section 12. Section and Other Headings.** The section and other headings contained in this Agreement are for reference purposes only and shall not affect the interpretation of this

Agreement. All capitalized terms not defined herein shall have the meaning ascribed to them in the Partnership Agreement.

**Section 14. Termination.** The Security Interest granted herein and this Security Agreement shall terminate automatically, and without further action of the parties, upon payment in full of the Loan and otherwise in accordance with the terms and conditions set forth in the Loan Agreement.

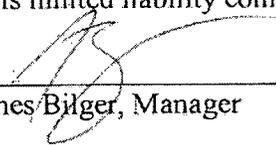
**Section 15. Counterparts.** This Agreement may be executed in several counterparts, and all so executed shall constitute one agreement, binding on all the parties hereto. Any counterpart of this Agreement, which has attached to it separate signature pages which together contain the signatures of all parties or is executed by an attorney-in-fact on behalf of some or all of the parties, shall for all purposes be deemed a fully executed instrument.

[SIGNATURE APPEARS ON THE FOLLOWING PAGE]

**IN WITNESS WHEREOF**, this Security Agreement has been duly executed and delivered by the proper officers thereunto duly authorized on the day and year first above written.

**DEBTOR:**

**CORRADO CUTLERY, LLC,**  
an Illinois limited liability company

By:   
James Bilger, Manager

## SUBORDINATION AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$150,000.00	11-04-2011	05-04-2017	1098004-9001	04A0 / 42		USEN	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

**Borrower:** Corrado Cutlery, LLC  
716 Main St  
Evanston, IL 60202

**Lender:** First Bank & Trust  
820 Church Street  
Evanston, IL 60201  
(847) 733-7400

**Creditor:** City of Evanston  
Evanston, IL 60201

THIS SUBORDINATION AGREEMENT dated November 4, 2011, is made and executed among Corrado Cutlery, LLC; 716 Main St; Evanston, IL 60202 ("Borrower"); City of Evanston, Evanston, IL 60201 ("Creditor"); and First Bank & Trust, 820 Church Street, Evanston, IL 60201 ("Lender").

**REQUESTED FINANCIAL ACCOMMODATIONS.** Creditor and Borrower each want Lender to provide financial accommodations to Borrower in the form of (A) new credit or loan advances, (B) an extension of time to pay or other compromises regarding all or part of Borrower's present indebtedness to Lender, or (C) other benefits to Borrower. Borrower and Creditor each represent and acknowledge to Lender that Creditor will benefit as a result of these financial accommodations from Lender to Borrower, and Creditor acknowledges receipt of valuable consideration for entering into this Agreement. Based on the representations and acknowledgments contained in this Agreement, Borrower and Creditor agree with Lender as follows:

**SUBORDINATED INDEBTEDNESS.** The words "Subordinated Indebtedness" as used in this Agreement mean all present and future indebtedness, obligations, liabilities, claims, rights, and demands of any kind which may be now or hereafter owing from Borrower to Creditor. The term "Subordinated Indebtedness" is used in its broadest sense and includes without limitation all principal, all interest, all costs, attorneys' fees, all sums paid for the purpose of protecting the rights of a holder of security, all contingent obligations of Borrower (such as a guaranty), and all other obligations, secured or unsecured, of any nature whatsoever.

**SUPERIOR INDEBTEDNESS.** The words "Superior Indebtedness" as used in this Agreement mean and include all present and future indebtedness, obligations, liabilities, claims, rights, and demands of any kind which may be now or hereafter owing from Borrower to Lender. The term "Superior Indebtedness" is used in its broadest sense and includes without limitation all principal, all interest, all costs, attorneys' fees, all sums paid for the purpose of protecting Lender's rights in security (such as paying for insurance on collateral if the owner fails to do so), all contingent obligations of Borrower (such as a guaranty), all obligations arising by reason of Borrower's accounts with Lender (such as an overdraft on a checking account), and all other obligations of Borrower to Lender, secured or unsecured, of any nature whatsoever.

**SUBORDINATION.** All Subordinated Indebtedness of Borrower to Creditor is and shall be subordinated in all respects to all Superior Indebtedness of Borrower to Lender. If Creditor holds one or more Security Interests, whether now existing or hereafter acquired, in any of Borrower's real property or personal property, Creditor also subordinates all Creditor's Security Interests to all Security Interests held by Lender, whether now existing or hereafter acquired.

**PAYMENTS TO CREDITOR.** Borrower will not make and Creditor will not accept, at any time while any Superior Indebtedness is owing to Lender, (A) any payment upon any Subordinated Indebtedness, (B) any advance, transfer, or assignment of assets to Creditor in any form whatsoever that would reduce at any time or in any way the amount of Subordinated Indebtedness, or (C) any transfer of any assets as security for the Subordinated Indebtedness, except upon Lender's prior written consent.

In the event of any distribution, division, or application, whether partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of Borrower's assets, or the proceeds of Borrower's assets, in whatever form, to creditors of Borrower or upon any indebtedness of Borrower, whether by reason of the liquidation, dissolution or other winding-up of Borrower, or by reason of any execution sale, receivership, insolvency, or bankruptcy proceeding, assignment for the benefit of creditors, proceedings for reorganization, or readjustment of Borrower or Borrower's properties, then and in such event, (A) the Superior Indebtedness shall be paid in full before any payment is made upon the Subordinated Indebtedness, and (B) all payments and distributions, of any kind or character and whether in cash, property, or securities, which shall be payable or deliverable upon or in respect of the Subordinated Indebtedness shall be paid or delivered directly to Lender for application in payment of the amounts then due on the Superior Indebtedness until the Superior Indebtedness shall have been paid in full.

In order that Lender may establish its right to prove claims and recover for its own account dividends based on the Subordinated Indebtedness, Creditor does hereby assign all its right, title, and interest in such claims to Lender. Creditor further agrees to supply such information and evidence, provide access to and copies of such of Creditor's records as may pertain to the Subordinated Indebtedness, and execute such instruments as may be required by Lender to enable Lender to enforce all such claims and collect all dividends, payments, or other disbursements which may be made on account of the Subordinated Indebtedness. For such purposes, Creditor hereby irrevocably authorizes Lender in its discretion to make and present for or on behalf of Creditor such proofs of claims on account of the Subordinated Indebtedness as Lender may deem expedient and proper and to vote such claims in any such proceeding and to receive and collect any and all dividends, payments, or other disbursements made thereon in whatever form the same may be paid or issued and to apply the same on account of the Superior Indebtedness.

Should any payment, distribution, security, or proceeds thereof be received by Creditor at any time on the Subordinated Indebtedness contrary to the terms of this Agreement, Creditor immediately will deliver the same to Lender in precisely the form received (except for the endorsement or assignment of Creditor if necessary), for application on or to secure the Superior Indebtedness, whether it is due or not due, and until so delivered the same shall be held in trust by Creditor as property of Lender. In the event Creditor fails to make any such endorsement or assignment, Lender, or any of its officers on behalf of Lender, is hereby irrevocably authorized by Creditor to make the same.

**CREDITOR'S NOTES.** Creditor agrees to deliver to Lender, at Lender's request, all notes of Borrower to Creditor, or other evidence of the Subordinated Indebtedness, now held or hereafter acquired by Creditor, while this Agreement remains in effect. At Lender's request, Borrower also will execute and deliver to Creditor a promissory note evidencing any book account or claim now or hereafter owed by Borrower to Creditor, which note also shall be delivered by Creditor to Lender. Creditor agrees not to sell, assign, pledge or otherwise transfer any of such notes except subject to all the terms and conditions of this Agreement.

**CREDITOR'S REPRESENTATIONS AND WARRANTIES.** Creditor represents and warrants to Lender that: (A) no representations or agreements of any kind have been made to Creditor which would limit or qualify in any way the terms of this Agreement; (B) this Agreement is executed at Borrower's request and not at the request of Lender; (C) Lender has made no representation to Creditor as to the creditworthiness of Borrower; and (D) Creditor has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower's financial condition. Creditor agrees to keep adequately informed from such means of any facts, events, or circumstances which might in any

**SUBORDINATION AGREEMENT  
(Continued)**

Loan No: 1098004-9001

Page 3

stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

**Agreement.** The word "Agreement" means this Subordination Agreement, as this Subordination Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Subordination Agreement from time to time.

**Borrower.** The word "Borrower" means Corrado Cutlery, LLC and includes all co-signers and co-makers signing the Note and all their successors and assigns.

**Creditor.** The word "Creditor" means City of Evanston.

**Lender.** The word "Lender" means First Bank & Trust, its successors and assigns.

**Note.** The word "Note" means the Note executed by Corrado Cutlery, LLC in the principal amount of \$150,000.00 dated November 4, 2011, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

**Related Documents.** The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Superior Indebtedness.

**Security Interest.** The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

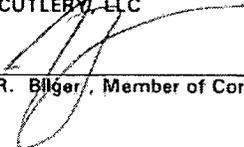
**Subordinated Indebtedness.** The words "Subordinated Indebtedness" mean the indebtedness described in the section of this Agreement titled "Subordinated Indebtedness".

**Superior Indebtedness.** The words "Superior Indebtedness" mean the indebtedness described in the section of this Agreement titled "Superior Indebtedness".

**BORROWER AND CREDITOR EACH ACKNOWLEDGE HAVING READ ALL THE PROVISIONS OF THIS SUBORDINATION AGREEMENT, AND BORROWER AND CREDITOR EACH AGREE TO ITS TERMS. THIS AGREEMENT IS DATED NOVEMBER 4, 2011.**

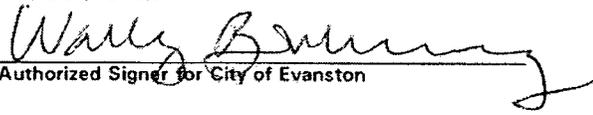
**BORROWER:**

**CORRADO CUTLERY, LLC**

By:   
James R. Bilger, Member of Corrado Cutlery, LLC

**CREDITOR:**

**CITY OF EVANSTON**

By:   
Authorized Signer for City of Evanston

By: \_\_\_\_\_  
Authorized Signer for City of Evanston

Approved as to form:

  
W. Grant Farrar  
Corporation Counsel