

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

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: TIF District One

Fund Balance at Beginning of Reporting Period

\$ 984,646

Revenue/Cash Receipts Deposited in Fund During Reporting FY:	Reporting Year	Cumulative*	% of Total
Property Tax Increment	\$ 599,304	\$ 15,867,840	89%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	\$ (6,670)	\$ 902,214	5%
Land/Building Sale Proceeds			0%
Bond Proceeds			0%
Transfers from Municipal Sources	\$ 187,498		0%
Private Sources			0%
Other (identify source _____; if multiple other sources, attach schedule) Transfer from TIF 2		\$ 1,089,403	6%

*must be completed where 'Reporting Year' is populated

Total Amount Deposited in Special Tax Allocation Fund During Reporting Period

\$ 780,132

Cumulative Total Revenues/Cash Receipts

\$ 17,859,457 100%

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

\$ 903,681

Distribution of Surplus

\$ -

Total Expenditures/Disbursements

\$ 903,681

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

\$ (123,549)

FUND BALANCE, END OF REPORTING PERIOD*

\$ 861,097

* 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)

\$ 97

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: TIF District One

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)		
Marketing/Promotion/Legal	15,661	
Personnel Services	27,600	
		\$ 43,261
2. Cost of marketing sites—Subsections (q)(1.6) and (o)(1.6)		
U.B.A. Marketing Activities	65,757	
		\$ 65,757
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)		
Main St. Impr.	199,930	
		\$ 199,930
6. Costs of removing contaminants required by environmental laws or rules (o)(6) - Industrial Jobs Recovery TIFs ONLY		
		\$ -

SECTION 3.2 A

7. Cost of job training and retraining, including "welfare to work" programs Subsection (q)(5), (o)(7) and (o)(12)		
		\$ -
8. Financing costs. Subsection (q) (6) and (o)(8)		
Surplus Distribution	220,626	
		\$ 220,626
9. Approved capital costs. Subsection (q)(7) and (o)(9)		
		\$ -
10. Cost of Reimbursing school districts for their increased costs caused by TIF assisted housing projects. Subsection (q)(7.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
11. Relocation costs. Subsection (q)(8) and (o)(10)		
		\$ -
12. Payments in lieu of taxes. Subsection (q)(9) and (o)(11)		
		\$ -
13. Costs of job training, retraining advanced vocational or career education provided by other taxing bodies. Subsection (q)(10) and (o)(12)		
		\$ -

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)		
Urbana Landmark Hotel Incentives	294,998	
Stratford Incentives	79,109	
		\$ 374,107
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		\$ 903,681

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: TIF District One

FUND BALANCE, END OF REPORTING PERIOD

\$	861,097
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Amount of Original Issuance	Amount Designated
--------------------------------	-------------------

1. Description of Debt Obligations

Amount of Original Issuance	Amount Designated
NA	

Total Amount Designated for Obligations

\$	-	\$	-
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2. Description of Project Costs to be Paid

Redevelopment of 204/206-210 W Main	\$	180,000
Stratford 2 Apartment Building	\$	200,000
Urbana Landmark Hotel Financing Costs	\$	200,000
Stratford Reimbursement	\$	82,000
County Plaza	\$	10,000
Stephens Building	\$	150,000
A Plus VIP Lounge	\$	25,000
Morning Cup Redevelopment	\$	14,000

Total Amount Designated for Project Costs

\$	861,000
----	---------

TOTAL AMOUNT DESIGNATED

\$	861,000
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SURPLUS*/(DEFICIT)

\$	97
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* NOTE: If a surplus is calculated, the municipality may be required to repay the amount to overlapping taxing

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

FY 2013

TIF NAME: TIF District One

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

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

Property Acquired by the Municipality Within the Redevelopment Project Area

Property (1):	Timpone Property
Street address:	304 North Race Street
Approximate size or description of property:	13,364.68 Square Feet / Property Along Boneyard Creek
Purchase price:	61,000.00
Seller of property:	Raymond S. Timpone Trust

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:	

FY 2013

TIF NAME: TIF District One

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: <input checked="" type="checkbox"/>			
ENTER total number of projects undertaken by the Municipality Within the Redevelopment Project Area and list them in detail below*.			
TOTAL:	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ -	\$ -	\$ -
Ratio of Private/Public Investment	0		0

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

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

Project 2:

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

Project 3:

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

Project 4:

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

Project 5:

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

Project 6:

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

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

SECTION 6

FY 2013

TIF NAME: TIF District One

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

Year redevelopment project area was designated	Base EAV	Reporting Fiscal Year EAV
1980	\$ 2,430,250	\$ 8,047,560

List all overlapping tax districts in the redevelopment project area.
If overlapping taxing district received a surplus, list the surplus.

_____ The overlapping taxing districts did not receive a surplus.

Overlapping Taxing District	Surplus Distributed from redevelopment project area to overlapping districts
Urbana School District	\$ 134,771
City of Urbana	\$ 38,257
Urbana Park District	\$ 27,920
Champaign County	\$ 22,981
Parkland College	\$ 15,006
CUMTD	\$ 8,297
Cunningham Township	\$ 5,950
CU Health District	\$ 3,230
Forest Preserve	\$ 2,471
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -

SECTION 7

Provide information about job creation and retention

Number of Jobs Retained	Number of Jobs Created	Description and Type (Temporary or Permanent) of Jobs	Total Salaries Paid
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -

SECTION 8

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

--

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

May 30, 2014

Local Government Division
Office of the Comptroller
100 W. Randolph, Suite 15-500
Chicago, IL 60601

**Re: Report of Annual Activities - Urbana TIF District One
July 1, 2012 through June 30, 2013**

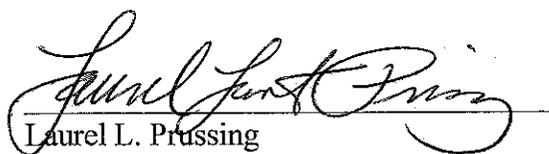
Dear Local Government Compliance Manager:

Pursuant to the Tax Increment Allocation Redevelopment Act, the City of Urbana hereby submits the annual Tax Increment Finance Report for Urbana Tax Increment Finance District One for the period July 1, 2012 through June 30, 2013.

I hereby certify that the City of Urbana has complied with all requirements of the Tax Increment Allocation Redevelopment Act, including reporting requirements during Fiscal Year 2012-13.

Should you have any questions concerning our annual report for Urbana TIF District One, please contact Brandon Boys, at 217/328-8270.

Sincerely,

A handwritten signature in cursive script, appearing to read "Laurel L. Prussing", written over a horizontal line.

Laurel L. Prussing
Mayor

May 30, 2014

Local Government Division
Office of the Comptroller
100 W. Randolph, Suite 15-500
Chicago, IL 60601

**Re: Report of Annual Activities - Urbana TIF District One
July 1, 2012 through June 30, 2013**

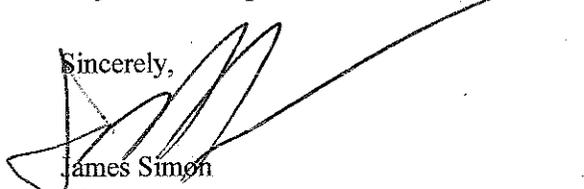
Dear Local Government Compliance Manager:

I am legal counsel for the City of Urbana, Champaign County, Illinois (the "City"), and in connection with the requirements of Section 5/11-74.4 of the Municipal Code of the State of Illinois, as amended (65 ILCS 5/11-74.4) and also referred to as the Tax Increment Allocation Redevelopment Act (the "Act") I have examined, among other things, the following:

1. Annual Tax Increment Finance Report for Urbana Tax Increment Finance District One, as prepared by Brandon Boys, Economic Development Coordinator for the City, and Rich Hentschel, City Comptroller, dated May 30, 2014.
2. Comprehensive Annual Financial Report of the City for the year ended June 30, 2013, as the line item accounts therein are further defined and explained by the letter of Rich Hentschel, City Comptroller of Urbana, dated May 30, 2014, together with the letter from Bray, Drake, Liles & Richardson, LLP, an independent certified public accounting firm, for Fiscal Year July 1, 2012 through June 30, 2013, indicating compliance with the requirements of Section 11-74.4-3 of the Act.
3. A letter dated May 30, 2014 from Laurel L. Prussing, Mayor, addressed to the Office of the Comptroller as addressed above regarding the certification by the Mayor as the Chief Executive Officer of the City, as required by Section 11-74.4-5 (d) (3) and 11-74.6-22 (d) (3) of the Act.

Based on the foregoing and in reliance on the factual matters contained therein, but without having independently verified the accuracy or completeness of such factual matters, I am of the opinion that the City was in compliance with the Act of and during the period covered by such reported information.

Sincerely,



James Simon
City Attorney
Ph. 217/384-2464

Attachment D
Activities Statement

and

Attachment F
Additional Information

The following activities were undertaken in furtherance of the objectives of the redevelopment plan.

1. Urbana Business Association Marketing Activities: \$65,757
2. TIF 1 paid \$15,661 in the form of marketing, promotion and legal services.
3. TIF 1 paid \$79,109 as an interest subsidy under a redevelopment agreement with Stratford Properties as consideration of their having constructed a mixed-use 40-unit apartment building on a downtown site.
4. TIF 1 paid \$294,998 through a redevelopment agreement with Xiao Jin Yuan for the Urbana Landmark Hotel (copy of agreement amendment in Attachment E.)
5. TIF 1 paid \$199,930 for improvements to Main Street.

REDEVELOPMENT AGREEMENT

by and between the

CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS

and

CAKE DESIGN DEVELOPMENT LLC

Dated as of December 1, 2012

Document Prepared By:

**Kenneth N. Beth
Evans, Froehlich, Beth & Chamley
44 Main Street, Third Floor
Champaign, IL 61820**

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EXHIBIT LIST

EXHIBIT A Description of Property

REDEVELOPMENT AGREEMENT

THIS REDEVELOPMENT AGREEMENT (including any exhibits and attachments hereto, collectively, this **"Agreement"**) is dated for reference purposes only as of December 1, 2012, but actually executed by each of the parties on the dates set forth beneath their respective signatures below, by and between the **City of Urbana, Champaign County, Illinois**, an Illinois municipal corporation (the **"City"**), and **Cake Design Development LLC**, an Illinois limited liability company (the **"Developer"**). This Agreement shall become effective upon the date of the last of the City and the Developer to execute and date this Agreement and deliver it to the other (the **"Effective Date"**).

RECITALS

WHEREAS, in accordance with and pursuant to the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 *et seq.*), as supplemented and amended (the **"TIF Act"**), including by the power and authority of the City as a home rule unit under Section 6 of Article VII of the Constitution of Illinois, the City Council of the City (the **"Corporate Authorities"**) did adopt a series of ordinances (Ordinance Nos. 8081-61, 8081-62 and 8081-63 on December 22, 1980) including as supplemented and amended by certain ordinances (Ordinance No. 8637 on October 6, 1986, Ordinance No. 9394-100 on May 16, 1994, Ordinance No. 2003-12-148 on December 15, 2003, and Ordinance No. 2004-09-132 on October 4, 2004) (collectively, the **"TIF Ordinances"**); and

WHEREAS, under and pursuant to the TIF Act and the TIF Ordinances, the City designated the Urbana Downtown Tax Increment Redevelopment Project Area (the **"Redevelopment Project Area"**) and approved the related redevelopment plan, as supplemented and amended (the **"Redevelopment Plan"**), including the redevelopment projects described in the Redevelopment Plan (collectively, the **"Redevelopment Projects"**); and

WHEREAS, as contemplated by the Redevelopment Plan and the Redevelopment Projects, the Developer proposes to acquire the Property (as defined below) and to undertake (or cause to be undertaken) the Project (including related and appurtenant facilities as more fully defined below); and

WHEREAS, the Property (as defined below) is within the Redevelopment Project Area; and

WHEREAS, the Developer is unwilling to acquire the Property (as defined below) and to undertake the Project (as defined below) without certain tax increment finance incentives from the City, which the City is willing to provide; and

WHEREAS, the City has determined that it is desirable and in the City's best interests to assist the Developer in the manner set forth herein in this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Developer hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. For purposes of this Agreement and unless the context clearly requires otherwise, the capitalized words, terms and phrases used in this Agreement shall have the meaning provided in the above Recitals and from place to place herein, including as follows:

“City Comptroller” means the City Comptroller of the City, or his or her designee.

“Corporate Authorities” means the City Council of the City.

“Eligible Redevelopment Project Costs” means those costs paid and incurred in connection with both Phase I and Phase II of the Project which are authorized to be reimbursed or paid from the Fund as provided in Section 5/11-74.4-3(q)(3) of the TIF Act, including the rehabilitation, reconstruction, repair or remodeling of the existing buildings, fixtures and improvements upon the Property.

“Fund” means, collectively, the “Special Tax Allocation Fund” for the Redevelopment Project Area established under Section 5/11-74.8 of the TIF Act and the TIF Ordinances.

“Incremental Property Taxes” means, net of all amounts required by operation of the TIF Act to be paid to other taxing districts, including as surplus, in each calendar year during the term of this Agreement, the portion of the ad valorem real estate taxes arising from levies upon the Redevelopment Project Area by taxing districts that is attributable to the increase in the equalized assessed value of each taxable lot, block, tract or parcel of real estate within the Redevelopment Project Area over the equalized assessed value of each taxable lot, block, tract or parcel of real estate within the Redevelopment Project Area which, pursuant to the TIF Ordinances and Section 5/11-74.4-8(b) of the TIF Act, will be allocated to and when collected shall be paid to the City Comptroller for deposit by the City Comptroller into the Fund established to pay Eligible Redevelopment Project Costs and other redevelopment project costs as authorized under Section 5/11-74.4-3(q) of the TIF Act.

“Project” means, collectively, the rehabilitation, reconstruction, repair or remodeling of the existing buildings, fixtures and improvements upon the Property to provide space: (i) for a studio/co-workspace for local designers upon that part of the Property commonly known as 206 W. Main Street, Urbana, Illinois (**“Phase I”**); and (ii) for a downtown kitchen and café upon that part of the Property commonly known as 208 and 210 W. Main Street, Urbana, Illinois (**“Phase II”**).

“Project Commencement Date” means February 28, 2013, the date on or before which construction of the Project is to commence.

“Property” means, collectively, the real estate consisting of the parcel or parcels legally described on Exhibit A hereto, upon or within which the Project is to be undertaken and completed.

“Reimbursement Amount” means the amount to be reimbursed or paid from the Fund to the Developer by the City under and pursuant to Section 3.2 of this Agreement.

“Requisition” means a request by the Developer for a payment or reimbursement of Eligible Redevelopment Project Costs pursuant to the procedures set forth in Article VI of this Agreement.

Section 1.2. Construction. This Agreement, except where the context by clear implication shall otherwise require, shall be construed and applied as follows:

- (a) definitions include both singular and plural.
- (b) pronouns include both singular and plural and cover all genders; and
- (c) headings of sections herein are solely for convenience of reference and do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.
- (d) all exhibits attached to this Agreement shall be and are operative provisions of this Agreement and shall be and are incorporated by reference in the context of use where mentioned and referenced in this Agreement.

ARTICLE II **REPRESENTATIONS AND WARRANTIES**

Section 2.1. Representations and Warranties of the City. In order to induce the Developer to enter into this Agreement, the City hereby makes certain representations and warranties to the Developer, as follows:

(a) **Organization and Standing.** The City is a home rule municipality duly organized, validly existing and in good standing under the Constitution and laws of the State of Illinois.

(b) **Power and Authority.** The City has full power and authority to execute and deliver this Agreement and to perform all of its agreements, obligations and undertakings hereunder.

(c) **Authorization and Enforceability.** The execution, delivery and performance of this Agreement have been duly and validly authorized by all necessary action on the part of the City's Corporate Authorities. This Agreement is a legal, valid and binding obligation of the City, enforceable against the City in accordance with its terms, except to the extent that any and all financial obligations of the City under this Agreement shall be limited to the availability of such Incremental Property Taxes therefor as may be specified in this Agreement and that such enforceability may be further limited by laws, rulings and decisions affecting remedies, and by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforceability of debtors' or creditors' rights, and by equitable principles.

(d) **No Violation.** Neither the execution nor the delivery of this Agreement or the performance of the City's agreements, obligations and undertakings hereunder will conflict with, violate or result in a breach of any of the terms, conditions, or provisions of any agreement, rule, regulation, statute, ordinance, judgment, decree, or other law by which the City may be bound.

(e) **Governmental Consents and Approvals.** No consent or approval by any governmental authority is required in connection with the execution and delivery by the City of this Agreement or the performance by the City of its obligations hereunder.

Section 2.2. Representations and Warranties of the Developer. In order to induce the City to enter into this Agreement, the Developer makes the following representations and warranties to the City:

(a) **Organization.** The Developer is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Illinois.

(b) **Power and Authority.** The Developer has full power and authority to execute and deliver this Agreement and to perform all of its agreements, obligations and undertakings hereunder.

(c) **Authorization and Enforceability.** The execution, delivery and performance of this Agreement have been duly and validly authorized by all necessary action on the part of the Developer's manager. This Agreement is a legal, valid and binding agreement, obligation and undertaking of the Developer, enforceable against the Developer in accordance with its terms, except to the extent that such enforceability may be limited by laws, rulings and decisions affecting remedies, and by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforceability of debtors' or creditors' rights, and by equitable principles.

(d) **No Violation.** Neither the execution nor the delivery or performance of this Agreement will conflict with, violate or result in a breach of any of the terms, conditions, or provisions of, or constitute a default under, or (with or without the giving of notice or the passage of time or both) entitle any party to terminate or declare a default under any contract, agreement, lease, license or instrument or any rule, regulation, statute, ordinance, judicial decision, judgment, decree or other law to which the Developer is a party or by which the Developer or any of its assets may be bound.

(e) **Consents and Approvals.** No consent or approval by any governmental authority or by any other person or entity is required in connection with the execution and delivery by the Developer of this Agreement or the performance by the Developer of its obligations hereunder.

(f) **No Proceedings or Judgments.** There is no claim, action or proceeding now pending, or to the best of its knowledge, threatened, before any court, administrative or regulatory body, or governmental agency (1) to which the Developer is a party and (2) which will, or could, prevent the Developer's performance of its obligations under this Agreement.

(g) **Maintenance of Existence.** During the term of this Agreement, the Developer shall do or cause to be done all things necessary to preserve and keep in full force and effect its existence as an Illinois limited liability company.

Section 2.3. Disclaimer of Warranties. The City and the Developer acknowledge that neither has made any warranties to the other except as set forth in this Agreement. The City hereby disclaims any and all warranties with respect to the Property and the Project, express or implied, including, without limitation, any implied warranty of fitness for a particular purpose or

merchantability or sufficiency of the Incremental Property Taxes for the purposes of this Agreement. Nothing has come to the attention of the Developer to question the assumptions or conclusions or other terms and provisions of any projections of Incremental Property Taxes, and the Developer assumes all risks in connection with the practical realization of any such projections of Incremental Property Taxes.

ARTICLE III
CONDITIONS PRECEDENT TO THE UNDERTAKINGS
ON THE PART OF THE DEVELOPER AND THE CITY

Section 3.1. Conditions Precedent. The undertakings on the part of the City as set forth in this Agreement are expressly contingent upon each of the following:

- (1) The Developer shall have acquired fee simple title to the Property; and
- (2) The Developer shall have obtained approval of the Project in accordance with all applicable laws, codes, rules, regulations and ordinances of the City, including without limitation all applicable subdivision, zoning, environmental, building code or any other land use regulations (collectively, the “City Codes”), it being understood that the City in its capacity as a municipal corporation has discretion to approve the Project.

Section 3.2. Reasonable Efforts and Notice of Termination. The Developer shall use due diligence to timely satisfy the conditions set forth in Section 3.1 above on or before the Commencement Date, but if such conditions are not so satisfied or waived by the City, then the City may terminate this Agreement by giving written notice thereof to the Developer. In the event of such termination, this Agreement shall be deemed null and void and of no force or effect and neither the City nor the Developer shall have any obligation or liability with respect thereto.

ARTICLE IV
CITY'S COVENANTS AND AGREEMENTS

Section 4.1. City's TIF Funded Financial Obligations. The City shall have the obligations set forth in this Section 4.1 relative to financing Eligible Redevelopment Project Costs in connection with the Project. Upon the submission to the City by the Developer of a Requisition for Eligible Redevelopment Project Costs incurred and paid and the approval thereof by the City in accordance with Article VI of this Agreement, the City, subject to the terms, conditions and limitation set forth in this Section 4.1 immediately below, agrees to reimburse the Developer, or to pay as directed by the Developer, from the Fund the Reimbursement Amount related to Project at the Property as follows:

Upon the substantial completion of Phase I and Phase II of the Project as evidence by the issuance by the City of a certificate of occupancy for each such phase of the Project, the City shall pay or reimburse the Developer an amount equal to twenty percent (20%) of the Eligible Redevelopment Costs up to a maximum of Seventy Thousand Dollars (\$70,000) for both such phases. Such payment or reimbursement shall be paid at the time and in accordance with Section 6.3 of this Agreement.

Section 4.2. Defense of Redevelopment Project Area. In the event that any court or governmental agency having jurisdiction over enforcement of the TIF Act and the subject matter contemplated by this Agreement shall determine that this Agreement, including the payment of the Reimbursement Amount to be paid or reimbursed by the City is contrary to law, or in the event that the legitimacy of the Redevelopment Project Area is otherwise challenged before a court or governmental agency having jurisdiction thereof, the City will defend the integrity of the Redevelopment Project Area and this Agreement.

ARTICLE V
DEVELOPER'S COVENANTS

Section 5.1. Commitment to Undertake and Complete Project. The Developer covenants and agrees to commence the Project on or before the Project Commencement Date and to have the Project completed on or before December 31, 2013. The Developer recognizes and agrees that the City has sole discretion with regard to all approvals and permits relating to the Project, including but not limited to approval of any required permits and any failure on the part of the City to grant or issue any such required permit shall not give rise to any claim against or liability of the City pursuant to this Agreement. The City agrees, however, that any such approvals shall be made in conformance with the City Codes and shall not be unreasonably denied, withheld, conditioned or delayed.

Section 5.2. Compliance with Agreement and Laws During Project. The Developer shall at all times undertake the Project, including any related activities in connection therewith, in conformance with this Agreement and all applicable City Codes, and, to the extent applicable, the Prevailing Wage Act (820 ILCS 130/0.01 *et seq.*) of the State of Illinois. Any agreement of the Developer related to the Project with any contractor, subcontractor or supplier shall, to the extent applicable, contain provisions substantially similar to those required of the Developer under this Agreement.

Section 5.3. Continuing Compliance with Laws. The Developer agrees that in the continued use, occupation, operation and maintenance of the Property, the Developer will comply with all applicable federal and state laws, rules, regulations and all applicable City Codes and other ordinances.

Section 5.4. Tax and Related Payment Obligations. The Developer agrees to pay and discharge, promptly and when the same shall become due, all general ad valorem real estate taxes and assessments, all applicable interest and penalties thereon, and all other charges and impositions of every kind and nature which may be levied, assessed, charged or imposed upon the Property or any part thereof that at any time shall become due and payable upon or with respect to, or which shall become liens upon, any part of the Property. The Developer, including any others claiming by or through it, also hereby covenants and agrees not to file any application for property tax exemption for any part of the Property under any applicable provisions of the Property Tax Code of the State of Illinois (35 ILCS 200/1-1 *et seq.*), as supplemented and amended, unless the City and the Developer shall otherwise have first entered into a mutually acceptable agreement under and by which the Developer shall have agreed to make a payment in lieu of taxes to the City, it being mutually acknowledged and understood by both the City and the Developer that any such payment of taxes (or payment in lieu thereof) by the Developer is a material part of the consideration under and by which the City has entered into this Agreement. This covenant of the Developer shall be a

covenant that runs with the land being the Property upon which the Project is undertaken and shall be in full force and effect until December 31, 2037, upon which date this covenant shall terminate and be of no further force or effect (and shall cease as a covenant binding upon or running with the land) immediately, and without the necessity of any further action by City or Developer or any other party; provided, however, upon request of any party in title to the Property, the City shall execute and deliver to such party an instrument, in recordable form, confirming for the record that this covenant has terminated and is no longer in effect. Nothing contained within this Section 5.4 shall be construed, however, to prohibit the Developer from initiating and prosecuting at its own cost and expense any proceedings permitted by law for the purpose of contesting the validity or amount of taxes, assessments, charges or other impositions levied or imposed upon the Property or any part thereof.

ARTICLE VI

PAYMENT PROCEDURES FOR ELIGIBLE REDEVELOPMENT PROJECT COSTS

Section 6.1. Payment Procedures. The City and the Developer agree that the Eligible Redevelopment Project Costs constituting the Reimbursement Amount shall be paid solely, and to the extent available, from Incremental Property Taxes that are deposited in the Fund and not otherwise. The City and the Developer intend and agree that the Reimbursement Amount shall be disbursed by the City Comptroller for payment to the Developer in accordance with the procedures set forth in this Section 6.1 of this Agreement.

The City hereby designates the City Comptroller as its representative to coordinate the authorization of disbursement of the Reimbursement Amount for the Eligible Redevelopment Project Costs. Payments to the Developer of the Reimbursement Amount for Eligible Redevelopment Project Costs shall be made upon request therefor, in form reasonably acceptable to the City (each being a “**Requisition**”) submitted by the Developer upon completion of the Eligible Redevelopment Project Costs which have been incurred and paid. Each such Requisition shall be accompanied by appropriately supporting documentation, including, as applicable, receipts for paid bills or statements of suppliers, contractors or professionals, together with required contractors’ affidavits or lien waivers.

Section 6.2. Approval and Resubmission of Requisitions. The City Comptroller shall give the Developer written notice disapproving any of the Requisitions within ten (10) days after receipt thereof. No such approval shall be denied except on the basis that (i) all or some part of the Requisition does not constitute Eligible Redevelopment Project Costs or has not otherwise been sufficiently documented as specified herein; (ii) any subsequent amendment of the TIF Act or any subsequent decision of a court of competent jurisdiction makes any such payment to not be authorized; or (iii) a “Default” under Section 7.1 of this Agreement by the Developer has occurred and is continuing.. If a Requisition is disapproved by such City Comptroller, the reasons for disallowance will be set forth in writing and the Developer may resubmit any such Requisition with such additional documentation or verification as may be required, if that is the basis for denial. The same procedures set forth herein applicable to disapproval shall apply to such resubmittals.

Section 6.3. Time of Payment. Provided that performance of this Agreement has not been suspended or terminated by the City under Article VII hereof, the City shall pay:

(a) up to the first \$35,000 of the Reimbursement Amount which is approved by any one or more Requisitions under this Article to the Developer within thirty (30) calendar days after: (i) the date of the approval of any such Requisitions; or (ii) the date of substantial completion of Phase I of the Project as provided in Section 4.1 of this Agreement, whichever date in clause (i) or clause (ii) is later, and

(b) up to the balance of the Reimbursement Amount which is approved by any one or more Requisitions under this Article to the Developer within thirty (30) calendar days after: (i) the date of the approval of any such Requisitions; or (ii) the date of substantial completion of Phase II of the Project as provided in Section 4.1 of this Agreement, whichever date in clause (i) or clause (ii) is later.

ARTICLE VII **DEFAULTS AND REMEDIES**

Section 7.1. Events of Default. The occurrence of any one or more of the events specified in this Section 7.1 shall constitute a “Default” under this Agreement.

By the Developer:

(1) The furnishing or making by or on behalf of the Developer of any statement or representation in connection with or under this Agreement that is false or misleading in any material respect;

(2) The failure by the Developer to timely perform any term, obligation, covenant or condition contained in this Agreement;

By the City:

(1) The failure by the City to pay the Reimbursement Amount which becomes due and payable in accordance with the provisions of this Agreement; and

(2) The failure by the City to timely perform any other term, obligation, covenant or condition contained in this Agreement.

Section 7.2. Rights to Cure. The party claiming a Default under Section 7.1 of this Agreement (the “Non-Defaulting Party”) shall give written notice of the alleged Default to the other party (the “Defaulting Party”) specifying the Default complained of. Except as required to protect against immediate, irreparable harm, the Non-Defaulting Party may not institute proceedings or otherwise exercise any right or remedy against the Defaulting Party until thirty (30) days after having given such notice, provided that in the event a Default is of such nature that it will take more than thirty (30) days to cure or remedy, such Defaulting Party shall have an additional period of time reasonably necessary to cure or remedy such Default provided that such Defaulting Party promptly commences and diligently pursues such cure or remedy. During any such period following the giving of notice, the Non-Defaulting party may suspend performance under this Agreement until the Non-Defaulting Party receives written assurances from the Defaulting Party, deemed reasonably adequate by the Non-Defaulting Party, that the Defaulting Party will cure or remedy the Default and remain in compliance with its obligations under this Agreement. A Default not cured or remedied or otherwise commenced and diligently pursued within thirty (30) days as provided above shall constitute a “Breach” under this Agreement. Except as otherwise expressly

provided in this Agreement, any failure or delay by either party in asserting any of its rights or remedies as to any Default or any Breach shall not operate as a waiver of any such Default, Breach or of any other rights or remedies it may have as a result of such Default or Breach.

Section 7.3. Remedies. Upon the occurrence of an Breach under this Agreement by the Developer, the City shall have the right to terminate this Agreement by giving written notice to the Developer of such termination and the date such termination is effective. Except for such right of termination by the City, the only other remedy available to either party upon the occurrence of an Breach under this Agreement by the Defaulting Party shall be to institute such proceedings as may be necessary or desirable in its opinion to cure or remedy such Breach, including but not limited to proceedings to compel any legal action for specific performance or other appropriate equitable relief. Notwithstanding anything herein to the contrary, the sole remedy of the Developer upon the occurrence of an Breach by the City under any of the terms and provisions of this Agreement shall be to institute legal action against the City for specific performance or other appropriate equitable relief and under no circumstances shall the City be liable to the Developer for any indirect, special, consequential or punitive damages, including without limitation, loss of profits or revenues, loss of business opportunity or production, cost of capital, claims by customers, fines or penalties, whether liability is based upon contract, warranty, negligence, strict liability or otherwise, under any of the provisions, terms and conditions of this Agreement. In the event that any failure of the City to pay any Annual Reimbursement Amounts which become due and payable in accordance with the provisions hereof is due to insufficient Incremental Property Taxes being available to the City, any such failure shall not be deemed to be a Default or a Breach on the part of the City.

Section 7.4. Costs, Expenses and Fees. Upon the occurrence of a Default or an Breach which requires either party to undertake any action to enforce any provision of this Agreement, the Defaulting Party shall pay upon demand all of the Non-Defaulting Party's charges, costs and expenses, including the reasonable fees of attorneys, agents and others, as may be paid or incurred by such Non-Defaulting Party in enforcing any of the Defaulting Party's obligations under this Agreement or in any litigation, negotiation or transaction in connection with this Agreement in which the Defaulting Party causes the Non-Defaulting Party, without the Non-Defaulting Party's fault, to become involved or concerned.

ARTICLE VIII

RELEASE, DEFENSE AND INDEMNIFICATION OF CITY

Section 8.1. Declaration of Invalidity. Notwithstanding anything herein to the contrary, the City, its Corporate Authorities, officials, agents, employees and independent contractors shall not be liable to the Developer for damages of any kind or nature whatsoever or otherwise in the event that all or any part of the TIF Act, or any of the TIF Ordinances or other ordinances of the City adopted in connection with either the TIF Act, this Agreement or the Redevelopment Plan, shall be declared invalid or unconstitutional in whole or in part by the final (as to which all rights of appeal have expired or have been exhausted) judgment of any court of competent jurisdiction, and by reason thereof either the City is prevented from performing any of the covenants and agreements herein or the Developer is prevented from enjoying the rights and privileges hereof; provided that nothing in this Section 8.1 shall limit otherwise permissible claims by the Developer against the Fund or actions by the Developer seeking specific performance of this Agreement or other relevant contracts, if any, in the event of a Breach of this Agreement by the City.

Section 8.2. Damage, Injury or Death Resulting from Project. The Developer releases from and covenants and agrees that the City and its Corporate Authorities, officials, agents, employees and independent contractors shall not be liable for, and agrees to indemnify and hold harmless the City, its Corporate Authorities, officials, agents, employees and independent contractors thereof against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from the Project, except as such may be caused by the intentional conduct, gross negligence, negligence or other acts or omissions of the City, its Corporate Authorities, officials, agents, employees or independent contractors that are contrary to the provisions of this Agreement.

Section 8.3. Damage or Injury to Developer and Others. The City and its Corporate Authorities, officials, agents, employees and independent contractors shall not be liable for any damage or injury to the persons or property of the Developer or any of its officers, agents, independent contractors or employees or of any other person who may be about the Property or the Project due to any act of negligence of any person, except as such may be caused by the intentional misconduct, gross negligence, or acts or omissions of the City, its Corporate Authorities, officials, agents, employees, or independent contractors that are contrary to the provisions of this Agreement.

Section 8.4. No Personal Liability. All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any of its Corporate Authorities, officials, agents, employees or independent contractors in their individual capacities. No member of the Corporate Authorities, officials, agents, employees or independent contractors of the City shall be personally liable to the Developer (i) in the event of a Default or Breach by any party under this Agreement, or (ii) for the payment of any Annual Reimbursement Amounts which may become due and payable under the terms of this Agreement.

Section 8.5. City Not Liable for Developer Obligations. Notwithstanding anything herein to the contrary, the City shall not be liable to the Developer for damages of any kind or nature whatsoever arising in any way from this Agreement, from any other obligation or agreement made in connection therewith or from any Default or Breach under this Agreement; provided that nothing in this Section 8.5 shall limit otherwise permissible claims by the Developer against the Fund or actions by the Developer seeking specific performance of this Agreement or other relevant contracts in the event of a Breach of this Agreement by the City.

Section 8.6. Actions or Obligations of Developer. The Developer agrees to indemnify, defend and hold harmless the City, its Corporate Authorities, officials, agents, employees and independent contractors, from and against any and all suits, claims and cost of attorneys' fees, resulting from, arising out of, or in any way connected with (i) any of the Developer's obligations under or in connection with this Agreement, (ii) the Project, and (iii) the negligence or willful misconduct of the Developer, its officials, agents, employees or independent contractors in connection with the Project, except as such may be caused by the intentional conduct, gross negligence, negligence or breach of this Agreement by the City, its Corporate Authorities, officials, agents, employees or independent contractors.

Section 8.7. Environmental Covenants. To the extent permitted by law, the Developer agrees to indemnify, defend, and hold harmless the City, its Corporate Authorities, officials, agents, employees and independent contractors, from and against any and all claims, demands, costs,

liabilities, damages or expenses, including attorneys' and consultants' fees, investigation and laboratory fees, court costs and litigation expenses, arising from: (i) any release or threat of a release, actual or alleged, of any hazardous substances, upon or about the Property or respecting any products or materials previously, now or thereafter located upon, delivered to or in transit to or from the Property regardless of whether such release or threat of release or alleged release or threat of release has occurred prior to the date hereof or hereafter occurs and regardless of whether such release occurs as a result of any act, omission, negligence or misconduct of the City or any third party or otherwise; (ii) (A) any violation now existing (actual or alleged) of, or any other liability under or in connection with, any environmental laws relating to or affecting the Property, or (B) any now existing or hereafter arising violation, actual or alleged, or any other liability, under or in connection with, any environmental laws relating to any products or materials previously, now or hereafter located upon, delivered to or in transit to or from the Property, regardless of whether such violation or alleged violation or other liability is asserted or has occurred or arisen prior to the date hereof or hereafter is asserted or occurs or arises and regardless of whether such violation or alleged violation or other liability occurs or arises, as the result of any act, omission, negligence or misconduct of the City or any third party or otherwise; (iii) any assertion by any third party of any claims or demands for any loss or injury arising out of, relating to or in connection with any hazardous substances on or about or allegedly on or about the Property; or (iv) any breach, falsity or failure of any of the representations, warranties, covenants and agreements of the like. For purposes of this paragraph, "hazardous materials" includes, without limit, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. §§ 9601 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. §§ 1801 et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. §§ 9601 et seq.), and in the regulations adopted and publications promulgated pursuant thereto, or any other federal, state or local environmental law, ordinance, rule, or regulation.

Section 8.8. Notification of Claims. Not later than thirty (30) days after the Developer becomes aware, by written or other overt communication, of any pending or threatened litigation, claim or assessment, the Developer will, if a claim in respect thereof is to be made against the Developer which affects any of the Developer's rights or obligations under this Agreement, notify the City of such pending or threatened litigation, claim or assessment, but any omission so to notify the City will not relieve the Developer from any liability which it may have to the City under this Agreement.

ARTICLE IX **MISCELLANEOUS PROVISIONS**

Section 9.1. Entire Agreement and Amendments. This Agreement (together with Exhibit A attached hereto) is the entire agreement between the City and the Developer relating to the subject matter hereof. This Agreement supersedes all prior and contemporaneous negotiations, understandings and agreements, written or oral, and may not be modified or amended except by a written instrument executed by both of the parties.

Section 9.2. Third Parties. Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any other persons other than the City and the Developer and their respective successors and assigns, nor is anything in

this Agreement intended to relieve or discharge any obligation or liability of any third persons to either the City or the Developer, nor shall any provision give any third parties any rights of subrogation or action over or against either the City or the Developer. This Agreement is not intended to and does not create any third party beneficiary rights whatsoever.

Section 9.3. Counterparts. Any number of counterparts of this Agreement may be executed and delivered and each shall be considered an original and together they shall constitute one agreement.

Section 9.4. Special and Limited Obligation. This Agreement shall constitute a special and limited obligation of the City according to the terms hereof. This Agreement shall never constitute a general obligation of the City to which its credit, resources or general taxing power are pledged. The City pledges to the payment of its obligations under Section 4.1 hereof only such amount of the Incremental Property Taxes as is set forth in Section 4.1 hereof, if, as and when received, and not otherwise.

Section 9.5. Time and Force Majeure. Time is of the essence of this Agreement; provided, however, neither the Developer nor the City shall be deemed in Default with respect to any performance obligations under this Agreement on their respective parts to be performed if any such failure to timely perform is due in whole or in part to the following (which also constitute "unavoidable delays"): any strike, lock-out or other labor disturbance (whether legal or illegal, with respect to which the Developer, the City and others shall have no obligations hereunder to settle other than in their sole discretion and business judgment), civil disorder, inability to procure materials, weather conditions, wet soil conditions, failure or interruption of power, restrictive governmental laws and regulations, condemnation, riots, insurrections, acts of terrorism, war, fuel shortages, accidents, casualties, acts of God or third parties, or any other cause beyond the reasonable control of the Developer or the City.

Section 9.6. Waiver. Any party to this Agreement may elect to waive any right or remedy it may enjoy hereunder, provided that no such waiver shall be deemed to exist unless such waiver is in writing. No such waiver shall obligate the waiver of any other right or remedy hereunder, or shall be deemed to constitute a waiver of other rights and remedies provided pursuant to this Agreement.

Section 9.7. Cooperation and Further Assurances. The City and the Developer covenant and agree that each will do, execute, acknowledge and deliver or cause to be done, executed and delivered, such agreements, instruments and documents supplemental hereto and such further acts, instruments, pledges and transfers as may be reasonably required for the better assuring, mortgaging, conveying, transferring, pledging, assigning and confirming unto the City or the Developer or other appropriate persons all and singular the rights, property and revenues covenanted, agreed, conveyed, assigned, transferred and pledged under or in respect of this Agreement.

Section 9.8. Notices and Communications. All notices, demands, requests or other communications under or in respect of this Agreement shall be in writing and shall be deemed to have been given when the same are (a) deposited in the United States mail and sent by registered or certified mail, postage prepaid, return receipt requested, (b) personally delivered, (c) sent by a nationally recognized overnight courier, delivery charge prepaid or (d) transmitted by telephone

facsimile, telephonically confirmed as actually received, in each case, to the City and the Developer at their respective addresses (or at such other address as each may designate by notice to the other), as follows:

- (i) In the case of the Developer, to:
Cake Design Development LLC
506 West High Street
Urbana, IL 61801
Attn: Matthew Cho
Tel: () - / Fax: () -
- (ii) In the case of the City, to:
City of Urbana, Illinois
400 South Vine Street
Urbana, IL 61801
Attn: Community Development Director
Tel: (217) 384-2439 / Fax: (217) 384-0200

Whenever any party hereto is required to deliver notices, certificates, opinions, statements or other information hereunder, such party shall do so in such number of copies as shall be reasonably specified.

Section 9.9. Assignment. The Developer agrees that it shall not sell, assign or otherwise transfer any of its rights and obligations under this Agreement without the prior written consent of the City. Except as authorized in this Section above, any assignment in whole or in part shall be void and shall, at the option of the City, terminate this Agreement. No such sale, assignment or transfer as authorized in this Section, including any with the City's prior written consent, shall be effective or binding on the City, however, unless and until the Developer delivers to the City a duly authorized, executed and delivered instrument which contains any such sale, assignment or transfer and the assumption of all the applicable covenants, agreements, terms and provisions of this Agreement by the applicable parties thereto.

Section 9.10. Successors in Interest. Subject to Section 9.9 above, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respectively authorized successors, assigns and legal representatives (including successor Corporate Authorities).

Section 9.11. No Joint Venture, Agency, or Partnership Created. Nothing in this Agreement nor any actions of either of the City or the Developer shall be construed by either of the City, the Developer or any third party to create the relationship of a partnership, agency, or joint venture between or among the City and any party being the Developer.

Section 9.12. Illinois Law; Venue. This Agreement shall be construed and interpreted under the laws of the State of Illinois. If any action or proceeding is commenced by any party to enforce any of the provisions of this Agreement, the venue for any such action or proceeding shall be in Champaign County, Illinois.

Section 9.13. Term. Unless earlier terminated pursuant to the terms hereof, this Agreement shall be and remain in full force and effect from and after the Effective Date and shall terminate upon the date that the Reimbursement Amount is paid to the Developer in accordance with Section

6.3 of this Agreement, provided, however, that anything to the contrary notwithstanding, the Developer's obligations under Section 5.4 and Article VIII of this Agreement shall be and remain in full force and effect in accordance with the express provisions thereof.

Section 9.14. Recordation of Agreement. Either party may record this Agreement or a Memorandum of this Agreement in the office of the Champaign County Recorder at any time following its execution and delivery by both parties.

Section 9.15. Construction of Agreement. This Agreement has been jointly negotiated by the parties and shall not be construed against a party because that party may have primarily assumed responsibility for preparation of this Agreement.

IN WITNESS WHEREOF, the City and the Developer have caused this Agreement to be executed by their duly authorized officers or manager(s) as of the date set forth below:

**CITY OF URBANA, CHAMPAIGN COUNTY,
ILLINOIS**

By: 
Mayor

ATTEST:

By: 
City Clerk

Date: Dec 18, 2012

CAKE DESIGN DEVELOPMENT LLC

By: 
Its Manager

Date: 12/18/2012

[Exhibit A follows this page and is an integral part of this Agreement in the context of use.]

EXHIBIT A

Description of Property

Lots Three (3), Four (4) and Five (5) of Hooper and Park's Addition (otherwise known as Wm. M. Hooper and Wm. Park's Addition, also as Wm. M. Hooper's Addition) to the Town (now City) of Urbana, as per Plat recorded in Deed Record "F" at page 520 in Champaign County, Illinois.

**REDEVELOPMENT AGREEMENT
FIRST AMENDED AND RESTATED**

by and between the

CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS

and

CAKE DESIGN DEVELOPMENT LLC

Dated as of May 1, 2013

Document Prepared By:

**Kenneth N. Beth
Evans, Froehlich, Beth & Chamley
44 Main Street, Third Floor
Champaign, IL 61820**

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EXHIBIT A Description of Property

REDEVELOPMENT AGREEMENT
FIRST AMENDED AND RESTATED

THIS REDEVELOPMENT AGREEMENT FIRST AMENDED AND RESTATED (including any exhibits and attachments hereto, collectively, this “**Agreement**”) is dated for reference purposes only as of May 1, 2013, but actually executed by each of the parties on the dates set forth beneath their respective signatures below, by and between the **City of Urbana, Champaign County, Illinois**, an Illinois municipal corporation (the “**City**”), and **Cake Design Development LLC**, an Illinois limited liability company (the “**Developer**”). This Agreement shall become effective upon the date of the last of the City and the Developer to execute and date this Agreement and deliver it to the other (the “**Effective Date**”).

RECITALS

WHEREAS, in accordance with and pursuant to the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 *et seq.*), as supplemented and amended (the “**TIF Act**”), including by the power and authority of the City as a home rule unit under Section 6 of Article VII of the Constitution of Illinois, the City Council of the City (the “**Corporate Authorities**”) did adopt a series of ordinances (Ordinance Nos. 8081-61, 8081-62 and 8081-63 on December 22, 1980) including as supplemented and amended by certain ordinances (Ordinance No. 8637 on October 6, 1986, Ordinance No. 9394-100 on May 16, 1994, Ordinance No. 2003-12-148 on December 15, 2003, and Ordinance No. 2004-09-132 on October 4, 2004) (collectively, the “**TIF Ordinances**”); and

WHEREAS, under and pursuant to the TIF Act and the TIF Ordinances, the City designated the Urbana Downtown Tax Increment Redevelopment Project Area (the “**Redevelopment Project Area**”) and approved the related redevelopment plan, as supplemented and amended (the “**Redevelopment Plan**”), including the redevelopment projects described in the Redevelopment Plan (collectively, the “**Redevelopment Projects**”); and

WHEREAS, as contemplated by the Redevelopment Plan and the Redevelopment Projects, the Developer proposes to acquire the Property (as defined below) and to undertake (or cause to be undertaken) the Project (including related and appurtenant facilities as more fully defined below); and

WHEREAS, the Property (as defined below) is within the Redevelopment Project Area; and

WHEREAS, the Developer is unwilling to acquire the Property (as defined below) and to undertake the Project (as defined below) without certain tax increment finance incentives from the City, which the City is willing to provide; and

WHEREAS, the City has determined that it is desirable and in the City’s best interests to assist the Developer in the manner set forth herein in this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Developer hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. For purposes of this Agreement and unless the context clearly requires otherwise, the capitalized words, terms and phrases used in this Agreement shall have the meaning provided in the above Recitals and from place to place herein, including as follows:

“**City Comptroller**” means the City Comptroller of the City, or his or her designee.

“**Corporate Authorities**” means the City Council of the City.

“**Eligible Redevelopment Project Costs**” means those costs paid and incurred in connection with Phase I, Phase II and Phase III of the Project which are authorized to be reimbursed or paid from the Fund as provided in Section 5/11-74.4-3(q)(3) of the TIF Act, including the rehabilitation, reconstruction, repair or remodeling of the existing buildings, fixtures and improvements upon the Property.

“**Fund**” means, collectively, the “Special Tax Allocation Fund” for the Redevelopment Project Area established under Section 5/11-74.8 of the TIF Act and the TIF Ordinances.

“**Incremental Property Taxes**” means, net of all amounts required by operation of the TIF Act to be paid to other taxing districts, including as surplus, in each calendar year during the term of this Agreement, the portion of the ad valorem real estate taxes arising from levies upon the Redevelopment Project Area by taxing districts that is attributable to the increase in the equalized assessed value of each taxable lot, block, tract or parcel of real estate within the Redevelopment Project Area over the equalized assessed value of each taxable lot, block, tract or parcel of real estate within the Redevelopment Project Area which, pursuant to the TIF Ordinances and Section 5/11-74.4-8(b) of the TIF Act, will be allocated to and when collected shall be paid to the City Comptroller for deposit by the City Comptroller into the Fund established to pay Eligible Redevelopment Project Costs and other redevelopment project costs as authorized under Section 5/11-74.4-3(q) of the TIF Act.

“**Project**” means, collectively, the rehabilitation, reconstruction, repair or remodeling of the existing buildings, fixtures and improvements upon the Property to provide space: (i) for a downtown kitchen and café upon the first floor of that part of the Property commonly known as 208-210 W. Main Street, Urbana, Illinois (“**Phase I**”); (ii) for a studio/co-workspace for local designers upon the first floor of that part of the Property commonly known as 206 W. Main Street, Urbana, Illinois (“**Phase II**”) and (iii) for a studio/office for persons employed in creative industries on the second floor of that part of the Property commonly known as 208 W. Main Street, Urbana, Illinois (“**Phase III**”).

“**Project Commencement Date**” means, as applicable, January 15, 2013, the date on or before which construction of Phase I and Phase II of the Project is to commence, and May 21, 2013, the date on which Phase III of the Project is to commence.

“**Property**” means, collectively, the real estate consisting of the parcel or parcels legally described on Exhibit A hereto, upon or within which the Project is to be undertaken and completed.

“Reimbursement Amount” means the amount to be reimbursed or paid from the Fund to the Developer by the City under and pursuant to Section 4.1 of this Agreement.

“Requisition” means a request by the Developer for a payment or reimbursement of Eligible Redevelopment Project Costs pursuant to the procedures set forth in Article VI of this Agreement.

Section 1.2. Construction. This Agreement, except where the context by clear implication shall otherwise require, shall be construed and applied as follows:

- (a) definitions include both singular and plural.
- (b) pronouns include both singular and plural and cover all genders; and
- (c) headings of sections herein are solely for convenience of reference and do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.
- (d) all exhibits attached to this Agreement shall be and are operative provisions of this Agreement and shall be and are incorporated by reference in the context of use where mentioned and referenced in this Agreement.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of the City. In order to induce the Developer to enter into this Agreement, the City hereby makes certain representations and warranties to the Developer, as follows:

(a) **Organization and Standing.** The City is a home rule municipality duly organized, validly existing and in good standing under the Constitution and laws of the State of Illinois.

(b) **Power and Authority.** The City has full power and authority to execute and deliver this Agreement and to perform all of its agreements, obligations and undertakings hereunder.

(c) **Authorization and Enforceability.** The execution, delivery and performance of this Agreement have been duly and validly authorized by all necessary action on the part of the City's Corporate Authorities. This Agreement is a legal, valid and binding obligation of the City, enforceable against the City in accordance with its terms, except to the extent that any and all financial obligations of the City under this Agreement shall be limited to the availability of such Incremental Property Taxes therefor as may be specified in this Agreement and that such enforceability may be further limited by laws, rulings and decisions affecting remedies, and by bankruptcy, insolvency; reorganization, moratorium or other laws affecting the enforceability of debtors' or creditors' rights, and by equitable principles.

(d) **No Violation.** Neither the execution nor the delivery of this Agreement or the performance of the City's agreements, obligations and undertakings hereunder will conflict with, violate or result in a breach of any of the terms, conditions, or provisions of any agreement, rule, regulation, statute, ordinance, judgment, decree, or other law by which the City may be bound.

(e) **Governmental Consents and Approvals.** No consent or approval by any governmental authority is required in connection with the execution and delivery by the City of this Agreement or the performance by the City of its obligations hereunder.

Section 2.2. Representations and Warranties of the Developer. In order to induce the City to enter into this Agreement, the Developer makes the following representations and warranties to the City:

(a) **Organization.** The Developer is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Illinois.

(b) **Power and Authority.** The Developer has full power and authority to execute and deliver this Agreement and to perform all of its agreements, obligations and undertakings hereunder.

(c) **Authorization and Enforceability.** The execution, delivery and performance of this Agreement have been duly and validly authorized by all necessary action on the part of the Developer's manager. This Agreement is a legal, valid and binding agreement, obligation and undertaking of the Developer, enforceable against the Developer in accordance with its terms, except to the extent that such enforceability may be limited by laws, rulings and decisions affecting remedies, and by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforceability of debtors' or creditors' rights, and by equitable principles.

(d) **No Violation.** Neither the execution nor the delivery or performance of this Agreement will conflict with, violate or result in a breach of any of the terms, conditions, or provisions of, or constitute a default under, or (with or without the giving of notice or the passage of time or both) entitle any party to terminate or declare a default under any contract, agreement, lease, license or instrument or any rule, regulation, statute, ordinance, judicial decision, judgment, decree or other law to which the Developer is a party or by which the Developer or any of its assets may be bound.

(e) **Consents and Approvals.** No consent or approval by any governmental authority or by any other person or entity is required in connection with the execution and delivery by the Developer of this Agreement or the performance by the Developer of its obligations hereunder.

(f) **No Proceedings or Judgments.** There is no claim, action or proceeding now pending, or to the best of its knowledge, threatened, before any court, administrative or regulatory body, or governmental agency (1) to which the Developer is a party and (2) which will, or could, prevent the Developer's performance of its obligations under this Agreement.

(g) **Maintenance of Existence.** During the term of this Agreement, the Developer shall do or cause to be done all things necessary to preserve and keep in full force and effect its existence as an Illinois limited liability company.

Section 2.3. Disclaimer of Warranties. The City and the Developer acknowledge that neither has made any warranties to the other except as set forth in this Agreement. The City hereby disclaims any and all warranties with respect to the Property and the Project, express or implied,

including, without limitation, any implied warranty of fitness for a particular purpose or merchantability or sufficiency of the Incremental Property Taxes for the purposes of this Agreement. Nothing has come to the attention of the Developer to question the assumptions or conclusions or other terms and provisions of any projections of Incremental Property Taxes, and the Developer assumes all risks in connection with the practical realization of any such projections of Incremental Property Taxes.

ARTICLE III
CONDITIONS PRECEDENT TO THE UNDERTAKINGS
ON THE PART OF THE DEVELOPER AND THE CITY

Section 3.1. Conditions Precedent. The undertakings on the part of the City as set forth in this Agreement are expressly contingent upon each of the following:

- (1) The Developer shall have acquired fee simple title to the Property; and
- (2) The Developer shall have obtained approval of the Project in accordance with all applicable laws, codes, rules, regulations and ordinances of the City, including without limitation all applicable subdivision, zoning, environmental, building code or any other land use regulations (collectively, the "City Codes"), it being understood that the City in its capacity as a municipal corporation has discretion to approve the Project.
- (3) The Developer shall duly have entered into a lease agreement for all or part of Phase III of the Project with a tenant who is employed or employs persons employed in creative industries for a term of at least two (2) years.

Section 3.2. Reasonable Efforts and Notice of Termination. The Developer has satisfied the conditions set forth above in connection with Phase I and Phase II of the Project. The Developer shall use due diligence to timely satisfy the conditions set forth in Section 3.1 above on or before the applicable Project Commencement Date in connection with Phase III of the Project, but if such conditions are not so satisfied or waived by the City, then the City may terminate this Agreement insofar as it may be applicable to Phase III of the Project by giving written notice thereof to the Developer. In the event of such termination, this Agreement insofar as it may be applicable to Phase III of the Project shall be deemed null and void and of no force or effect and neither the City nor the Developer shall have any obligation or liability with respect thereto.

ARTICLE IV
CITY'S COVENANTS AND AGREEMENTS

Section 4.1. City's TIF Funded Financial Obligations. The City shall have the obligations set forth in this Section 4.1 relative to financing Eligible Redevelopment Project Costs in connection with the Project. Upon the submission to the City by the Developer of a Requisition for Eligible Redevelopment Project Costs incurred and paid and the approval thereof by the City in accordance with Article VI of this Agreement, the City, subject to the terms, conditions and limitation set forth in this Section 4.1 immediately below, agrees to reimburse the Developer, or to pay as directed by the Developer, from the Fund the **Reimbursement Amount** related to Project at the Property as follows:

Upon the substantial completion of Phase I and Phase II of the Project as evidenced by the issuance by the City of a certificate of occupancy for each such phase of the Project, the City shall pay or reimburse the Developer an amount equal to twenty percent (20%) of the Eligible Redevelopment Costs up to a maximum of Seventy Thousand Dollars (\$70,000) for both such phases. Upon the substantial completion of Phase III of the Project as evidenced by the issuance by the City of a certificate of occupancy for Phase III of the Project, the City shall pay or reimburse the Developer an amount equal to twenty percent (20%) of Eligible Redevelopment Costs up to a maximum of Fifty-Eight Thousand Dollars (\$58,000.00) for such Phase III. Such payment or reimbursement shall be paid at the time and in accordance with Section 6.3 of this Agreement.

Section 4.2. Defense of Redevelopment Project Area. In the event that any court or governmental agency having jurisdiction over enforcement of the TIF Act and the subject matter contemplated by this Agreement shall determine that this Agreement, including the payment of the Reimbursement Amount to be paid or reimbursed by the City is contrary to law, or in the event that the legitimacy of the Redevelopment Project Area is otherwise challenged before a court or governmental agency having jurisdiction thereof, the City will defend the integrity of the Redevelopment Project Area and this Agreement.

ARTICLE V **DEVELOPER'S COVENANTS**

Section 5.1. Commitment to Undertake and Complete Project. The Developer covenants and agrees to commence Phase I and Phase II of the Project on or before the applicable Project Commencement Date for Phase I and Phase II and to have Phase I and Phase II of the Project completed on or before December 31, 2013. The Developer covenants and agrees to commence Phase III of the Project on or before the applicable Project Commencement Date for Phase III and to have Phase III of the Project completed on or before December 31, 2013. The Developer recognizes and agrees that the City has sole discretion with regard to all approvals and permits relating to the Project, including but not limited to approval of any required permits and any failure on the part of the City to grant or issue any such required permit shall not give rise to any claim against or liability of the City pursuant to this Agreement. The City agrees, however, that any such approvals shall be made in conformance with the City Codes and shall not be unreasonably denied, withheld, conditioned or delayed.

Section 5.2. Compliance with Agreement and Laws During Project. The Developer shall at all times undertake the Project, including any related activities in connection therewith, in conformance with this Agreement and all applicable City Codes, and, to the extent applicable, the Prevailing Wage Act (820 ILCS 130/0.01 et seq.) of the State of Illinois. Any agreement of the Developer related to the Project with any contractor, subcontractor or supplier shall, to the extent applicable, contain provisions substantially similar to those required of the Developer under this Agreement.

Section 5.3. Continuing Compliance with Laws. The Developer agrees that in the continued use, occupation, operation and maintenance of the Property, the Developer will comply with all applicable federal and state laws, rules, regulations and all applicable City Codes and other ordinances.

Section 5.4. Tax and Related Payment Obligations. The Developer agrees to pay and discharge, promptly and when the same shall become due, all general ad valorem real estate taxes and assessments, all applicable interest and penalties thereon, and all other charges and impositions of every kind and nature which may be levied, assessed, charged or imposed upon the Property or any part thereof that at any time shall become due and payable upon or with respect to, or which shall become liens upon, any part of the Property. The Developer, including any others claiming by or through it, also hereby covenants and agrees not to file any application for property tax exemption for any part of the Property under any applicable provisions of the Property Tax Code of the State of Illinois (35 ILCS 200/1-1 et seq.), as supplemented and amended, unless the City and the Developer shall otherwise have first entered into a mutually acceptable agreement under and by which the Developer shall have agreed to make a payment in lieu of taxes to the City, it being mutually acknowledged and understood by both the City and the Developer that any such payment of taxes (or payment in lieu thereof) by the Developer is a material part of the consideration under and by which the City has entered into this Agreement. This covenant of the Developer shall be a covenant that runs with the land being the Property upon which the Project is undertaken and shall be in full force and effect until December 31, 2037, upon which date this covenant shall terminate and be of no further force or effect (and shall cease as a covenant binding upon or running with the land) immediately, and without the necessity of any further action by City or Developer or any other party; provided, however, upon request of any party in title to the Property, the City shall execute and deliver to such party an instrument, in recordable form, confirming for the record that this covenant has terminated and is no longer in effect. Nothing contained within this Section 5.4 shall be construed, however, to prohibit the Developer from initiating and prosecuting at its own cost and expense any proceedings permitted by law for the purpose of contesting the validity or amount of taxes, assessments, charges or other impositions levied or imposed upon the Property or any part thereof.

ARTICLE VI

PAYMENT PROCEDURES FOR ELIGIBLE REDEVELOPMENT PROJECT COSTS

Section 6.1. Payment Procedures. The City and the Developer agree that the Eligible Redevelopment Project Costs constituting the Reimbursement Amount shall be paid solely, and to the extent available, from Incremental Property Taxes that are deposited in the Fund and not otherwise. The City and the Developer intend and agree that the Reimbursement Amount shall be disbursed by the City Comptroller for payment to the Developer in accordance with the procedures set forth in this Section 6.1 of this Agreement.

The City hereby designates the City Comptroller as its representative to coordinate the authorization of disbursement of the Reimbursement Amount for the Eligible Redevelopment Project Costs. Payments to the Developer of the Reimbursement Amount for Eligible Redevelopment Project Costs shall be made upon request therefor, in form reasonably acceptable to the City (each being a "Requisition") submitted by the Developer upon completion of the Eligible Redevelopment Project Costs which have been incurred and paid. Each such Requisition shall be accompanied by appropriately supporting documentation, including, as applicable, receipts for paid bills or statements of suppliers, contractors or professionals, together with required contractors' affidavits or lien waivers.

Section 6.2. Approval and Resubmission of Requisitions. The City Comptroller shall give the Developer written notice disapproving any of the Requisitions within ten (10) days after

receipt thereof. No such approval shall be denied except on the basis that (i) all or some part of the Requisition does not constitute Eligible Redevelopment Project Costs or has not otherwise been sufficiently documented as specified herein; (ii) any subsequent amendment of the TIF Act or any subsequent decision of a court of competent jurisdiction makes any such payment to not be authorized; or (iii) a "Default" under Section 7.1 of this Agreement by the Developer has occurred and is continuing. If a Requisition is disapproved by such City Comptroller, the reasons for disallowance will be set forth in writing and the Developer may resubmit any such Requisition with such additional documentation or verification as may be required, if that is the basis for denial. The same procedures set forth herein applicable to disapproval shall apply to such resubmittals.

Section 6.3. Time of Payment. Provided that performance of this Agreement has not been suspended or terminated by the City under Article VII hereof, the City shall pay:

(a) up to the first \$35,000 of the Reimbursement Amount which is approved by any one or more Requisitions under this Article to the Developer within thirty (30) calendar days after: (i) the date of the approval of any such Requisitions; or (ii) the date of substantial completion of Phase I of the Project as provided in Section 4.1 of this Agreement, whichever date in clause (i) or clause (ii) is later;

(b) up to the next \$35,000 of the Reimbursement Amount which is approved by any one or more Requisitions under this Article to the Developer within thirty (30) calendar days after: (i) the date of the approval of any such Requisitions; or (ii) the date of substantial completion of Phase II of the Project as provided in Section 4.1 of this Agreement, whichever date in clause (i) or clause (ii) is later; and

(c) up to the \$58,000 balance of the Reimbursement Amount which is approved by any one or more Requisitions under this Article to the Developer within thirty (30) calendar days after: (i) the date of approval of any such Requisitions; or (ii) the substantial completion of Phase III of the Project as provided in Section 4.1 of this Agreement, whichever date in clause (i) or clause (ii) is later.

ARTICLE VII DEFAULTS AND REMEDIES

Section 7.1. Events of Default. The occurrence of any one or more of the events specified in this Section 7.1 shall constitute a "Default" under this Agreement.

By the Developer:

(1) The furnishing or making by or on behalf of the Developer of any statement or representation in connection with or under this Agreement that is false or misleading in any material respect;

(2) The failure by the Developer to timely perform any term, obligation, covenant or condition contained in this Agreement;

By the City:

(1) The failure by the City to pay the Reimbursement Amount which becomes due and payable in accordance with the provisions of this Agreement; and

(2) The failure by the City to timely perform any other term, obligation, covenant or condition contained in this Agreement.

Section 7.2. Rights to Cure. The party claiming a Default under Section 7.1 of this Agreement (the "Non-Defaulting Party") shall give written notice of the alleged Default to the other party (the "Defaulting Party") specifying the Default complained of. Except as required to protect against immediate, irreparable harm, the Non-Defaulting Party may not institute proceedings or otherwise exercise any right or remedy against the Defaulting Party until thirty (30) days after having given such notice, provided that in the event a Default is of such nature that it will take more than thirty (30) days to cure or remedy, such Defaulting Party shall have an additional period of time reasonably necessary to cure or remedy such Default provided that such Defaulting Party promptly commences and diligently pursues such cure or remedy. During any such period following the giving of notice, the Non-Defaulting party may suspend performance under this Agreement until the Non-Defaulting Party receives written assurances from the Defaulting Party, deemed reasonably adequate by the Non-Defaulting Party, that the Defaulting Party will cure or remedy the Default and remain in compliance with its obligations under this Agreement. A Default not cured or remedied or otherwise commenced and diligently pursued within thirty (30) days as provided above shall constitute a "Breach" under this Agreement. Except as otherwise expressly provided in this Agreement, any failure or delay by either party in asserting any of its rights or remedies as to any Default or any Breach shall not operate as a waiver of any such Default, Breach or of any other rights or remedies it may have as a result of such Default or Breach.

Section 7.3. Remedies. Upon the occurrence of an Breach under this Agreement by the Developer, the City shall have the right to terminate this Agreement by giving written notice to the Developer of such termination and the date such termination is effective. Except for such right of termination by the City, the only other remedy available to either party upon the occurrence of an Breach under this Agreement by the Defaulting Party shall be to institute such proceedings as may be necessary or desirable in its opinion to cure or remedy such Breach, including but not limited to proceedings to compel any legal action for specific performance or other appropriate equitable relief. Notwithstanding anything herein to the contrary, the sole remedy of the Developer upon the occurrence of an Breach by the City under any of the terms and provisions of this Agreement shall be to institute legal action against the City for specific performance or other appropriate equitable relief and under no circumstances shall the City be liable to the Developer for any indirect, special, consequential or punitive damages, including without limitation, loss of profits or revenues, loss of business opportunity or production, cost of capital, claims by customers, fines or penalties, whether liability is based upon contract, warranty, negligence, strict liability or otherwise, under any of the provisions, terms and conditions of this Agreement. In the event that any failure of the City to pay any Annual Reimbursement Amounts which become due and payable in accordance with the provisions hereof is due to insufficient Incremental Property Taxes being available to the City, any such failure shall not be deemed to be a Default or a Breach on the part of the City.

Section 7.4. Costs, Expenses and Fees. Upon the occurrence of a Default or an Breach which requires either party to undertake any action to enforce any provision of this Agreement, the Defaulting Party shall pay upon demand all of the Non-Defaulting Party's charges, costs and expenses, including the reasonable fees of attorneys, agents and others, as may be paid or incurred by such Non-Defaulting Party in enforcing any of the Defaulting Party's obligations under this Agreement or in any litigation, negotiation or transaction in connection with this Agreement in

which the Defaulting Party causes the Non-Defaulting Party, without the Non-Defaulting Party's fault, to become involved or concerned.

ARTICLE VIII
RELEASE, DEFENSE AND INDEMNIFICATION OF CITY

Section 8.1. Declaration of Invalidity. Notwithstanding anything herein to the contrary, the City, its Corporate Authorities, officials, agents, employees and independent contractors shall not be liable to the Developer for damages of any kind or nature whatsoever or otherwise in the event that all or any part of the TIF Act, or any of the TIF Ordinances or other ordinances of the City adopted in connection with either the TIF Act, this Agreement or the Redevelopment Plan, shall be declared invalid or unconstitutional in whole or in part by the final (as to which all rights of appeal have expired or have been exhausted) judgment of any court of competent jurisdiction, and by reason thereof either the City is prevented from performing any of the covenants and agreements herein or the Developer is prevented from enjoying the rights and privileges hereof; provided that nothing in this Section 8.1 shall limit otherwise permissible claims by the Developer against the Fund or actions by the Developer seeking specific performance of this Agreement or other relevant contracts, if any, in the event of a Breach of this Agreement by the City.

Section 8.2. Damage, Injury or Death Resulting from Project. The Developer releases from and covenants and agrees that the City and its Corporate Authorities, officials, agents, employees and independent contractors shall not be liable for, and agrees to indemnify and hold harmless the City, its Corporate Authorities, officials, agents, employees and independent contractors thereof against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from the Project, except as such may be caused by the intentional conduct, gross negligence, negligence or other acts or omissions of the City, its Corporate Authorities, officials, agents, employees or independent contractors that are contrary to the provisions of this Agreement.

Section 8.3. Damage or Injury to Developer and Others. The City and its Corporate Authorities, officials, agents, employees and independent contractors shall not be liable for any damage or injury to the persons or property of the Developer or any of its officers, agents, independent contractors or employees or of any other person who may be about the Property or the Project due to any act of negligence of any person, except as such may be caused by the intentional misconduct, gross negligence, or acts or omissions of the City, its Corporate Authorities, officials, agents, employees, or independent contractors that are contrary to the provisions of this Agreement.

Section 8.4. No Personal Liability. All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any of its Corporate Authorities, officials, agents, employees or independent contractors in their individual capacities. No member of the Corporate Authorities, officials, agents, employees or independent contractors of the City shall be personally liable to the Developer (i) in the event of a Default or Breach by any party under this Agreement, or (ii) for the payment of any Annual Reimbursement Amounts which may become due and payable under the terms of this Agreement.

Section 8.5. City Not Liable for Developer Obligations. Notwithstanding anything herein to the contrary, the City shall not be liable to the Developer for damages of any kind or nature

whatsoever arising in any way from this Agreement, from any other obligation or agreement made in connection therewith or from any Default or Breach under this Agreement; provided that nothing in this Section 8.5 shall limit otherwise permissible claims by the Developer against the Fund or actions by the Developer seeking specific performance of this Agreement or other relevant contracts in the event of a Breach of this Agreement by the City.

Section 8.6. Actions or Obligations of Developer. The Developer agrees to indemnify, defend and hold harmless the City, its Corporate Authorities, officials, agents, employees and independent contractors, from and against any and all suits, claims and cost of attorneys' fees, resulting from, arising out of, or in any way connected with (i) any of the Developer's obligations under or in connection with this Agreement, (ii) the Project, and (iii) the negligence or willful misconduct of the Developer, its officials, agents, employees or independent contractors in connection with the Project, except as such may be caused by the intentional conduct, gross negligence, negligence or breach of this Agreement by the City, its Corporate Authorities, officials, agents, employees or independent contractors.

Section 8.7. Environmental Covenants. To the extent permitted by law, the Developer agrees to indemnify, defend, and hold harmless the City, its Corporate Authorities, officials, agents, employees and independent contractors, from and against any and all claims, demands, costs, liabilities, damages or expenses, including attorneys' and consultants' fees, investigation and laboratory fees, court costs and litigation expenses, arising from: (i) any release or threat of a release, actual or alleged, of any hazardous substances, upon or about the Property or respecting any products or materials previously, now or thereafter located upon, delivered to or in transit to or from the Property regardless of whether such release or threat of release or alleged release or threat of release has occurred prior to the date hereof or hereafter occurs and regardless of whether such release occurs as a result of any act, omission, negligence or misconduct of the City or any third party or otherwise; (ii) (A) any violation now existing (actual or alleged) of, or any other liability under or in connection with, any environmental laws relating to or affecting the Property, or (B) any now existing or hereafter arising violation, actual or alleged, or any other liability, under or in connection with, any environmental laws relating to any products or materials previously, now or hereafter located upon, delivered to or in transit to or from the Property, regardless of whether such violation or alleged violation or other liability is asserted or has occurred or arisen prior to the date hereof or hereafter is asserted or occurs or arises and regardless of whether such violation or alleged violation or other liability occurs or arises, as the result of any act, omission, negligence or misconduct of the City or any third party or otherwise; (iii) any assertion by any third party of any claims or demands for any loss or injury arising out of, relating to or in connection with any hazardous substances on or about or allegedly on or about the Property; or (iv) any breach, falsity or failure of any of the representations, warranties, covenants and agreements of the like. For purposes of this paragraph, "hazardous materials" includes, without limit, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. §§ 9601 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. §§ 1801 et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. §§ 9601 et seq.), and in the regulations adopted and publications promulgated pursuant thereto, or any other federal, state or local environmental law, ordinance, rule, or regulation.

Section 8.8. Notification of Claims. Not later than thirty (30) days after the Developer becomes aware, by written or other overt communication, of any pending or threatened litigation, claim or assessment, the Developer will, if a claim in respect thereof is to be made against the Developer which affects any of the Developer's rights or obligations under this Agreement, notify the City of such pending or threatened litigation, claim or assessment, but any omission so to notify the City will not relieve the Developer from any liability which it may have to the City under this Agreement.

ARTICLE IX MISCELLANEOUS PROVISIONS

Section 9.1. Entire Agreement and Amendments. This Agreement (together with Exhibit A attached hereto) is the entire agreement between the City and the Developer relating to the subject matter hereof. This Agreement supersedes all prior and contemporaneous negotiations, understandings and agreements, written or oral, and may not be modified or amended except by a written instrument executed by both of the parties.

Section 9.2. Third Parties. Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any other persons other than the City and the Developer and their respective successors and assigns, nor is anything in this Agreement intended to relieve or discharge any obligation or liability of any third persons to either the City or the Developer, nor shall any provision give any third parties any rights of subrogation or action over or against either the City or the Developer. This Agreement is not intended to and does not create any third party beneficiary rights whatsoever.

Section 9.3. Counterparts. Any number of counterparts of this Agreement may be executed and delivered and each shall be considered an original and together they shall constitute one agreement.

Section 9.4. Special and Limited Obligation. This Agreement shall constitute a special and limited obligation of the City according to the terms hereof. This Agreement shall never constitute a general obligation of the City to which its credit, resources or general taxing power are pledged. The City pledges to the payment of its obligations under Section 4.1 hereof only such amount of the Incremental Property Taxes as is set forth in Section 4.1 hereof, if, as and when received, and not otherwise.

Section 9.5. Time and Force Majeure. Time is of the essence of this Agreement; provided, however, neither the Developer nor the City shall be deemed in Default with respect to any performance obligations under this Agreement on their respective parts to be performed if any such failure to timely perform is due in whole or in part to the following (which also constitute "unavoidable delays"): any strike, lock-out or other labor disturbance (whether legal or illegal, with respect to which the Developer, the City and others shall have no obligations hereunder to settle other than in their sole discretion and business judgment), civil disorder, inability to procure materials, weather conditions, wet soil conditions, failure or interruption of power, restrictive governmental laws and regulations, condemnation, riots, insurrections, acts of terrorism, war, fuel shortages, accidents, casualties, acts of God or third parties, or any other cause beyond the reasonable control of the Developer or the City.

Section 9.6. Waiver. Any party to this Agreement may elect to waive any right or remedy it may enjoy hereunder, provided that no such waiver shall be deemed to exist unless such waiver is in writing. No such waiver shall obligate the waiver of any other right or remedy hereunder, or shall be deemed to constitute a waiver of other rights and remedies provided pursuant to this Agreement.

Section 9.7. Cooperation and Further Assurances. The City and the Developer covenant and agree that each will do, execute, acknowledge and deliver or cause to be done, executed and delivered, such agreements, instruments and documents supplemental hereto and such further acts, instruments, pledges and transfers as may be reasonably required for the better assuring, mortgaging, conveying, transferring, pledging, assigning and confirming unto the City or the Developer or other appropriate persons all and singular the rights, property and revenues covenanted, agreed, conveyed, assigned, transferred and pledged under or in respect of this Agreement.

Section 9.8. Notices and Communications. All notices, demands, requests or other communications under or in respect of this Agreement shall be in writing and shall be deemed to have been given when the same are (a) deposited in the United States mail and sent by registered or certified mail, postage prepaid, return receipt requested, (b) personally delivered, (c) sent by a nationally recognized overnight courier, delivery charge prepaid or (d) transmitted by telephone facsimile, telephonically confirmed as actually received, in each case, to the City and the Developer at their respective addresses (or at such other address as each may designate by notice to the other), as follows:

- (i) In the case of the Developer, to:
Cake Design Development LLC
506 West High Street
Urbana, IL 61801
Attn: Matthew Cho
Tel: () - / Fax: () -
- (ii) In the case of the City, to:
City of Urbana, Illinois
400 South Vine Street
Urbana, IL 61801
Attn: Community Development Director
Tel: (217) 384-2439 / Fax: (217) 384-0200

Whenever any party hereto is required to deliver notices, certificates, opinions, statements or other information hereunder, such party shall do so in such number of copies as shall be reasonably specified.

Section 9.9. Assignment. The Developer agrees that it shall not sell, assign or otherwise transfer any of its rights and obligations under this Agreement without the prior written consent of the City. Except as authorized in this Section above, any assignment in whole or in part shall be void and shall, at the option of the City, terminate this Agreement. No such sale, assignment or transfer as authorized in this Section, including any with the City's prior written consent, shall be effective or binding on the City, however, unless and until the Developer delivers to the City a duly authorized, executed and delivered instrument which contains any such sale, assignment or transfer

and the assumption of all the applicable covenants, agreements, terms and provisions of this Agreement by the applicable parties thereto.

Section 9.10. Successors in Interest. Subject to Section 9.9 above, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respectively authorized successors, assigns and legal representatives (including successor Corporate Authorities).

Section 9.11. No Joint Venture, Agency, or Partnership Created. Nothing in this Agreement nor any actions of either of the City or the Developer shall be construed by either of the City, the Developer or any third party to create the relationship of a partnership, agency, or joint venture between or among the City and any party being the Developer.

Section 9.12. Illinois Law; Venue. This Agreement shall be construed and interpreted under the laws of the State of Illinois. If any action or proceeding is commenced by any party to enforce any of the provisions of this Agreement, the venue for any such action or proceeding shall be in Champaign County, Illinois.

Section 9.13. Term. Unless earlier terminated pursuant to the terms hereof, this Agreement shall be and remain in full force and effect from and after the Effective Date and shall terminate upon the date that the Reimbursement Amount is paid to the Developer in accordance with Section 6.3 of this Agreement, provided, however, that anything to the contrary notwithstanding, the Developer's obligations under Section 5.4 and Article VIII of this Agreement shall be and remain in full force and effect in accordance with the express provisions thereof.

Section 9.14. Recordation of Agreement. Either party may record this Agreement or a Memorandum of this Agreement in the office of the Champaign County Recorder at any time following its execution and delivery by both parties.

Section 9.15. Construction of Agreement. This Agreement has been jointly negotiated by the parties and shall not be construed against a party because that party may have primarily assumed responsibility for preparation of this Agreement.

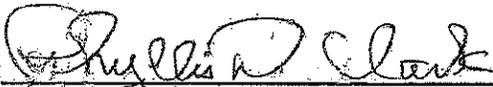
[Signature page immediately following this page]

IN WITNESS WHEREOF, the City and the Developer have caused this Agreement to be executed by their duly authorized officers or manager(s) as of the date set forth below.

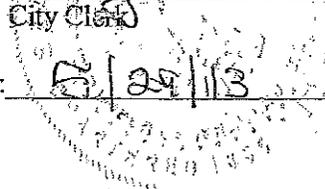
CITY OF URBANA, CHAMPAIGN COUNTY,
ILLINOIS

By: 
Mayor

ATTEST:

By: 
City Clerk

Date: 5/29/13



CAKE DESIGN DEVELOPMENT LLC

By: 
Its Manager

Date: 5/24/2013

[Exhibit A follows this page and is an integral part of this Agreement in the context of use.]

EXHIBIT A

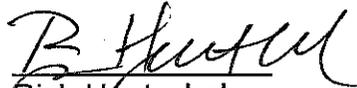
Description of Property

Lots Three (3), Four (4) and Five (5) of Hooper and Park's Addition (otherwise known as Wm. M. Hooper and Wm. Park's Addition, also as Wm. M. Hooper's Addition) to the Town (now City) of Urbana, as per Plat recorded in Deed Record "F" at page 520 in Champaign County, Illinois.

May 30, 2014

To Whom It May Concern:

The attached balance sheet and statement of revenues, expenditures and changes in fund balance for the City of Urbana Tax Increment Financing District Number One is included as a fund of the City of Urbana Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013.



Rich Hentschel
City Comptroller

CITY OF URBANA

Tax Increment Financing District 1 Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Property Tax	\$ 688,160	\$ 688,160	\$ 599,304	\$ (88,856)
Net Investment Earnings:				
Interest	5,000	5,000	7,764	2,764
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(14,434)	(14,434)
Total Net Investment Earnings	5,000	5,000	(6,670)	(11,670)
Total Revenues	693,160	693,160	592,634	(100,526)
Expenditures:				
Current:				
Downtown Development/Redevelopment:				
Personnel Services	27,600	27,600	27,600	-
Contractual Services:				
Downtown Loan Subsidies	60,000	60,000	-	60,000
Marketing/Promotion/Legal	16,300	16,300	15,661	639
Stratford Incentives	81,405	81,405	79,109	2,296
U.B.A. Marketing Activities	75,000	75,000	65,757	9,243
Historic Lincoln Incentives	294,998	294,998	294,998	-
Cake Design Incentives	0	128,000	-	128,000
Surplus Distribution	223,860	223,860	220,626	3,234
Capital Outlay:				
Broadway Ave. Impr.	650,000	650,000	-	650,000
Main St. Impr.	708,949	708,949	199,930	509,019
Total Expenditures	2,138,112	2,266,112	903,681	1,362,431
Net Revenues Over (Under) Expenditures	(1,444,952)	(1,572,952)	(311,047)	1,261,905
Other Financing Sources (Uses):				
Transfers In (Out)				
Transfer from TIF2, Historic Lincoln	255,000	255,000	294,998	39,998
Transfer from TIF2, Main St. Impr.	-	-	199,930	199,930
Transfer from TIF2, Cake Design	-	128,000	-	(128,000)
Transfer Arts Specialist/Ben	(52,210)	(52,210)	(61,859)	(9,649)
Transfer Public Arts Costs	(73,248)	(73,248)	(53,405)	19,843
Downtown Rent Subsidies	(30,000)	(30,000)	(16,250)	13,750
Downtown UBA Festival Marketing	(5,000)	(5,000)	(1,087)	3,913
Transfer Surplus	(40,250)	(40,250)	(38,257)	1,993
Transfer-MVPS, Debt Service	(134,000)	(134,000)	(136,572)	(2,572)
Total Transfers In (Out)	(79,708)	48,292	187,498	139,206
Net Change in Fund Balance	(1,524,660)	(1,524,660)	(123,549)	1,401,111
Fund Balance, Beginning of Year	984,646	984,646	984,646	-
Fund Balance, End of Year	\$ (540,014)	\$ (540,014)	\$ 861,097	\$ 1,401,111

CITY OF URBANA

Tax Increment Financing District 1 Special Revenue Fund
Balance Sheet

June 30, 2013

ASSETS

Cash and Cash Equivalents:

Checking	\$	3,355
Savings		537,534
Investments		491,150
Receivables - Property Tax		225,095
		<hr/>
Total Assets	\$	1,257,134
		<hr/> <hr/>

LIABILITIES AND FUND BALANCE

Liabilities:

Due to Other Funds	\$	52,407
Accounts Payable		109,366
Deferred Revenues		234,264
		<hr/>
Total Liabilities		396,037

Fund Balance:

Restricted for Economic Development		861,097
		<hr/>
Total Liabilities and Fund Balance	\$	1,257,134
		<hr/> <hr/>

BRAY, DRAKE, LILES & RICHARDSON LLP
Certified Public Accountants

KARL E. DRAKE, CPA
CURTIS D. LILES, CPA
R. NEIL RICHARDSON, CPA

1606 N. Willow View Road, Suite 1E
Urbana, Illinois 61802-7446

Phone 217/337-0004
Fax 217/337-5822

JAMES P. BRAY (RETIRED)

May 20, 2014

Urbana City Council
Urbana, IL

Independent Auditor's Report
On Compliance with Illinois Municipal Code Subsection (q)
Section 11-74.4-3
Based on an Audit of the Basic Financial Statements

We have audited the basic financial statements of the City of Urbana, Illinois, as of and for the year ended June 30, 2013 and have issued our report thereon dated May 20, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the City of Urbana, Illinois, is the responsibility of the City's management. As a part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of the City's compliance with provisions of the Illinois Municipal Code Subsection (q), Section 11-74.4.3. However, the objective of our audit of the basic financial statements was not to provide an opinion on the overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, the City of Urbana, Illinois complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to the items not tested, nothing came to our attention that caused us to believe that the City of Urbana, Illinois, had not complied, in all material respects, with those provisions.

Bray, Drake, Liles & Richardson LLP
BRAY, DRAKE, LILES & RICHARDSON LLP

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

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: TIF District Two

Fund Balance at Beginning of Reporting Period

\$ 2,021,136

Revenue/Cash Receipts Deposited in Fund During Reporting FY:	Reporting Year	Cumulative*	% of Total
Property Tax Increment	\$ 1,255,136	\$ 14,586,125	64%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	\$ (9,528)	\$ 905,766	4%
Land/Building Sale Proceeds			0%
Bond Proceeds		\$ 6,682,674	29%
Transfers from Municipal Sources	\$ (593,359)	\$ 650,000	3%
Private Sources			0%
Other (identify source _____; if multiple other sources, attach schedule)			0%

*must be completed where 'Reporting Year' is populated

Total Amount Deposited in Special Tax Allocation Fund During Reporting Period

\$ 652,249

Cumulative Total Revenues/Cash Receipts

\$ 22,824,565 100%

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

\$ 281,743

Distribution of Surplus

Total Expenditures/Disbursements

\$ 281,743

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

\$ 370,506

FUND BALANCE, END OF REPORTING PERIOD*

\$ 2,391,642

* 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)

\$ 642

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: TIF District Two

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)		
Personnel Services	66,293	
Environmental Costs, 202 S. Vine	672	
Other Marketing/Promotion/Legal	11,204	
Engineering/Appraisals	700	
Other	4,914	
		\$ 83,783
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)		
Boneyard Improvement	34,450	
Main St. Improvement	1,000	
		\$ 35,450
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)		
Loan Incentives	56,702	
5 Points West Incentives	99,830	
Omni Care Incentives	880	
Patel Property Incentives	5,098	
		\$ 162,510
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		\$ 281,743

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: TIF District Two

FUND BALANCE, END OF REPORTING PERIOD

\$ 2,391,642

Amount of Original Issuance	Amount Designated
--------------------------------	-------------------

1. Description of Debt Obligations

Amount of Original Issuance	Amount Designated
NA	

Total Amount Designated for Obligations

\$ - \$ -

2. Description of Project Costs to be Paid

Boneyard Art Costs	\$ 25,000
Race Street Improvements	\$ 300,000
Environmental Costs, 202 S Vine Street	\$ 26,000
Main Street Improvements	\$ 40,000
Boneyard Improvements	\$ 2,000,000

Total Amount Designated for Project Costs

\$ 2,391,000

TOTAL AMOUNT DESIGNATED

\$ 2,391,000

SURPLUS*/(DEFICIT)

\$ 642

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

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

FY 2013

TIF NAME: TIF District Two

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

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

Property Acquired by the Municipality Within the Redevelopment Project Area

Property (1):	Patel Law Office
Street address:	108 West University Avenue
Approximate size or description of property:	101 Square Feet / R.O.W. for Race Street Traffic Signals
Purchase price:	1,365.00
Seller of property:	Baku Patel

Property (2):	Kirby Property
Street address:	202 West University Avenue
Approximate size or description of property:	132 Square Feet / R.O.W. for Race Street Traffic Signals
Purchase price:	1,780.00
Seller of property:	Stephen Kirby

Property (3):	Burch Properties
Street address:	403-413 North Race Street
Approximate size or description of property:	2742 Square Feet / R.O.W. along West Side of Race Street
Purchase price:	\$30,000.00
Seller of property:	James Burch

Property (4):	School District Parking Lot
Street address:	301 North Race Street
Approximate size or description of property:	12444.36 Square Feet / Property Along Boneyard Creek
Purchase price:	\$65,000.00
Seller of property:	Urbana School District No. 116

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: TIF District Two

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

_____ **No property was acquired by the Municipality Within the Redevelopment Project Area**

Property Acquired by the Municipality Within the Redevelopment Project Area

Property (5):	Strong Properties
Street address:	335, 401, and 402 North Race Street
Approximate size or description of property:	1,200 Square Feet / R.O.W. along West Side of Race Street
Purchase price:	Given in exchange for amended conditions of Redevelopment Agreement
Seller of property:	Allen Strong

Property (6):	Busboom Property
Street address:	208 West Griggs Street
Approximate size or description of property:	5587.59 Square Feet / Property Along Boneyard Creek
Purchase price:	\$7,500.00
Seller of property:	Leslie and Sheila Busboom

Property (7):	Station Theatre Property
Street address:	223 North Broadway Avenue
Approximate size or description of property:	6430.44 Square Feet / Property Along Boneyard Creek
Purchase price:	\$6,500.00
Seller of property:	Celebration Theatre Company

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

FY 2013

TIF NAME: TIF District Two

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: <input checked="" type="checkbox"/> <u>x</u>			
ENTER total number of projects undertaken by the Municipality Within the Redevelopment Project Area and list them in detail below*.			
TOTAL:	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ -	\$ -	\$ -
Ratio of Private/Public Investment	0		0

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

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

Project 2:

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

Project 3:

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

Project 4:

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

Project 5:

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

Project 6:

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

May 30, 2014

Local Government Division
Office of the Comptroller
100 W. Randolph, Suite 15-500
Chicago, IL 60601

**Re: Report of Annual Activities - Urbana TIF District Two
July 1, 2012 through June 30, 2013**

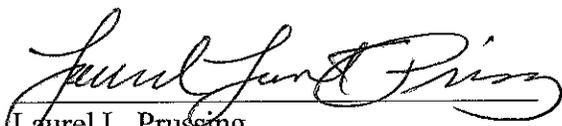
Dear Local Government Compliance Manager:

Pursuant to the Tax Increment Allocation Redevelopment Act, the City of Urbana hereby submits the annual Tax Increment Finance Report for Urbana Tax Increment Finance District Two for the period July 1, 2012 through June 30, 2013.

I hereby certify that the City of Urbana has complied with all requirements of the Tax Increment Allocation Redevelopment Act, including reporting requirements during Fiscal Year 2012-13.

Should you have any questions concerning our annual report for Urbana TIF District Two, please contact Brandon Boys, at 217/328-8270.

Sincerely,



Laurel L. Prussing
Mayor

May 30, 2014

Local Government Division
Office of the Comptroller
100 W. Randolph, Suite 15-500
Chicago, IL 60601

**Re: Report of Annual Activities - Urbana TIF District Two
July 1, 2012 through June 30, 2013**

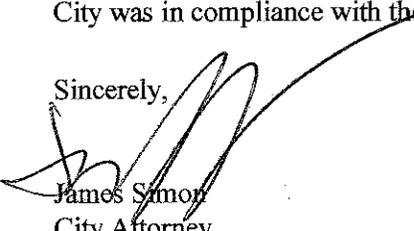
Dear Local Government Compliance Manager:

I am legal counsel for the City of Urbana, Champaign County, Illinois (the "City"), and in connection with the requirements of Section 5/11-74.4 of the Municipal Code of the State of Illinois, as amended (65 ILCS 5/11-74.4) and also referred to as the Tax Increment Allocation Redevelopment Act (the "Act") I have examined, among other things, the following:

1. Annual Tax Increment Finance Report for Urbana Tax Increment Finance District Two, as prepared by Brandon Boys, Economic Development Coordinator for the City, and Rich Hentschel, City Comptroller, dated May 30, 2014.
2. Comprehensive Annual Financial Report of the City for the year ended June 30, 2012, as the line item accounts therein are further defined and explained by the letter of Rich Hentschel, City Comptroller of Urbana, dated May 30, 2014, together with the letter from Bray, Drake, Liles & Richardson, LLP, an independent certified public accounting firm, for Fiscal Year July 1, 2012 through June 30, 2013, indicating compliance with the requirements of Section 11-74.4-3 of the Act.
3. A letter dated May 30, 2014 from Laurel L. Prussing, Mayor, addressed to the Office of the Comptroller as addressed above regarding the certification by the Mayor as the Chief Executive Officer of the City, as required by Section 11-74.4-5 (d) (3) and 11-74.6-22 (d) (3) of the Act.

Based on the foregoing and in reliance on the factual matters contained therein, but without having independently verified the accuracy or completeness of such factual matters, I am of the opinion that the City was in compliance with the Act of and during the period covered by such reported information.

Sincerely,



James Simon
City Attorney
Ph. 217/384-2464

**Attachment D – Activities Statement
and
Attachment F – Additional Information**

The following activities were undertaken in furtherance of the objectives of the redevelopment plan.

1. Downtown marketing: \$11,204
2. TIF 2 paid \$1,000 for improvements to Main Street.
3. TIF 2 paid \$56,702 in loan interest subsidies for projects in TIF2 under the provisions of a TIF Redevelopment Incentive Program, which offers incentives to downtown retailers to locate downtown and improve the appearance of aging or vacant structures.
4. TIF 2 paid \$672 for property environmental study costs.
5. TIF 2 paid \$700 for engineering and appraisals.
6. TIF 2 paid \$105,808 in incentives for 5 Point West, Omni Care and Patel Property developments.

**SECOND AMENDMENT TO
REDEVELOPMENT AGREEMENT**

by and between the

CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS

and

**FIVE POINTS REALTY, LLC,
AN ILLINOIS LIMITED LIABILITY COMPANY**

Dated as of November 1, 2012

Document Prepared By:

**Kenneth N. Beth
Evans, Froehlich, Beth & Chamley
44 Main Street, Third Floor
Champaign, IL 61820**

**SECOND AMENDMENT
TO REDEVELOPMENT AGREEMENT**

THIS SECOND AMENDMENT TO REDEVELOPMENT AGREEMENT (this "Second Amendment") is dated for reference purposes only as of the 1st day of November, 2012, but is actually executed by each of the parties on the dates set forth by each of their respective signatures below, by and between the City of Urbana, Champaign County, Illinois, an Illinois municipal corporation (the "City"), and Five Points Realty, LLC, an Illinois limited liability company (the "Developer"), with respect to that certain Redevelopment Agreement First Amended and Restated dated as of May 12, 2008 (the "Agreement"), by and between the City and the Developer. This Second Amendment shall become effective as of the last of the City and the Developer to execute and deliver this Second Amendment to the other (the "Effective Date"). Except as otherwise specifically defined elsewhere herein, all capitalized words, terms and phrases as used in this Second Amendment shall have the same meanings as respectively ascribed to them in the Agreement.

RECITALS:

WHEREAS, the City and the Developer find it necessary and desirable to clarify when the obligations of the City to reimburse the Developer for any Annual Reimbursement Amounts under Section 3.1(d) of the Agreement are to be commenced; and

WHEREAS, under and pursuant to Section 3.2 of the Agreement, the obligations of the City to make any payments of the Annual Reimbursement Amounts as set forth in Section 3.1(b)-(d) of the Agreement are expressly contingent upon the Developer having completed the Private Development Project upon Lot 100 of the Development Project Site no later than December 31, 2012; and

WHEREAS, the Developer has completed approximately 15,000 square feet of improvements for an urban shopping center complex but has not otherwise completed the construction and installation of the remaining required improvements in connection with the Private Development Project upon Lot 100 of the Development Project Site due to the prevailing economic environment; and

WHEREAS, the City is willing to extend the date upon which the Developer is to have completed the construction and installation of the required improvements in connection with the Private Development Project upon Lot 100 of the Development Project Site until December 31, 2015; and

WHEREAS, the City and the Developer each now finds and determines that it is necessary, desirable and appropriate to supplement and amend the Agreement by this Second Amendment in order to make provision for such clarification of Section 3.1(d) and such extension of the completion date under Section 3.2 of the Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements by the City and the Developer as parties to the Agreement, including those as contained in this Second Amendment to the Agreement, the City and the Developer do mutually covenant and agree to supplement and amend the Agreement to provide as follows:

Section 1. Section 3.1(d) of the Agreement is hereby amended to provide as follows:

(d) the obligation of the City to reimburse the Developer for any Annual Reimbursement Amounts under this Section 3.1 shall commence with the calendar year immediately following the

calendar year in which a certificate of occupancy is issued for an applicable project which is completed upon each lot having a separate permanent parcel number within the Development Project Site, and shall continue until the termination of TIF for the Redevelopment Project Area in calendar year 2022.

Section 2. Section 3.2 of the Agreement is hereby amended to provide as follows:

Section 3.2. Conditions Precedent. The obligations of the City to continue to make any payments of the Annual Reimbursement Amounts as set forth in Section 3.1(b)-(d) of this Agreement is expressly contingent upon the Developer having completed the Private Development Project no later than December 31, 2015. If the Developer shall fail to demonstrate that it has in fact fulfilled its obligation to complete the Private Development Project on or before December 31, 2015, the City shall have the right and option to immediately terminate this Agreement by providing written notice of such termination upon the Developer, in which event the City shall have no further obligations under this Agreement and this Agreement shall thereupon automatically terminate and be of no further force or effect.

Section 3. Section 4.2 of the Agreement is hereby amended to provide as follows:

Section 4.2. Commitment to Undertake the Private Development Project. The Developer covenants and agrees to commence and complete the Private Development Project at a total cost of not less than \$3,500,000.00 in accordance with the Design Proposal on or before December 31, 2015. During the progress of the Private Development Project, the Developer and the Community Development Director of the City (the "Director") may authorize such changes to the Design Proposal or any aspect thereof as may be in furtherance of the general objectives of the Redevelopment Plan and this Agreement and as site conditions or other issues of feasibility may dictate or as may be required to meet the reasonable requests of prospective tenants or as may be necessary or desirable in the sole discretion of the Developer and the Director to enhance the economic viability of the Private Development Project; provided, however, that the Developer shall not make any material change to the Design Proposal, whether individually with respect to any phase or in the aggregate, without the advance written consent of the Corporate Authorities of the City.

Section 4. Except as expressly supplemented and amended as provided in this Second Amendment above, all other provisions of the Agreement shall be and remain in full force and effect. The provisions of the Agreement, as now supplemented and amended by this Second Amendment, are hereby ratified, confirmed and approved by both the City and the Developer.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the City and the Developer have caused this Second Amendment to be executed by their duly authorized officers as of the date(s) set forth below.

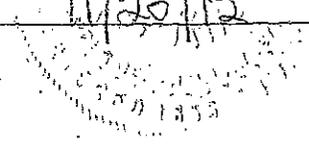
CITY OF URBANA, CHAMPAIGN COUNTY,
ILLINOIS

By: *David P. ...*
Mayor

ATTEST:

Shirley W. Clark
City Clerk

Date: 11/20/12



FIVE POINTS REALTY, LLC

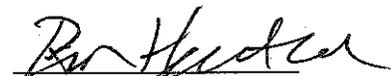
By: *Susan Richardson*
Its Authorized Member

Date: 11/20/12

May 30, 2014

To Whom It May Concern:

The attached balance sheet and statement of revenues, expenditures and changes in fund balance for the City of Urbana Tax Increment Financing District Number Two is included as a fund of the City of Urbana Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013.


Rich Hentschel
City Comptroller

CITY OF URBANA

Tax Increment Financing District 2 Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 1,223,520	\$ 1,223,520	\$ 1,255,136	\$ 31,616
Proceeds, Boneyard Borrowing	-	-	-	0
Investment Earnings:				
Interest	10,030	10,030	19,982	9,952
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(29,510)	(29,510)
Total Net Investment Earnings	10,030	10,030	(9,528)	(19,558)
Total Revenues	1,233,550	1,233,550	1,245,608	12,058
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	77,100	77,100	66,293	10,807
Contractual Services:				
Loan Incentives	80,000	80,000	56,702	23,298
5 Points West Incentives	83,740	83,740	99,830	(16,090)
Omni Care Incentives	980	980	880	100
Patel Property Incentives	7,100	7,100	5,098	2,002
Lincoln Walking Tour	1,177	1,177	-	1,177
Environmental Costs, 202 S. Vine	25,430	25,430	672	24,758
Other Marketing/Promotion/Legal	20,000	20,000	11,204	8,796
Engineering/Appraisals	25,000	25,000	700	24,300
Other	4,800	4,800	4,914	(114)
Capital Outlay:				
Broadway Ave. Streetscape	446,875	446,875	-	446,875
Boneyard Improvement	1,739,755	1,739,755	34,450	1,705,305
Main St. Improvement	2,138,242	2,138,242	1,000	2,137,242
Total Expenditures	4,650,199	4,650,199	281,743	4,368,456
Net Revenues Over (Under) Expenditures	(3,416,649)	(3,416,649)	963,865	4,380,514
Other Financing Sources (Uses):				
Art in Park Sculpture	(24,239)	(24,239)	(9,707)	14,532
Boneyard Improvements	(33,580)	(33,580)	(55,423)	(21,843)
Rent Incentives	(25,000)	(25,000)	(9,200)	15,800
Debt Service	(27,000)	(27,000)	(24,101)	2,899
Transfer TIF One - Historic Lincoln	(349,998)	(349,998)	(294,998)	55,000
Transfer TIF One - Main St. Impr.	(473,949)	(473,949)	(199,930)	274,019
Transfer TIF One - Cake Design	(128,000)	(128,000)	-	128,000
Total Transfers In (Out)	(1,061,766)	(1,061,766)	(593,359)	468,407
Net Change in Fund Balance	(4,478,415)	(4,478,415)	370,506	4,848,921
Fund Balance, Beginning of Year	2,021,136	2,021,136	2,021,136	-
Fund Balance, End of Year	\$ (2,457,279)	\$ (2,457,279)	\$ 2,391,642	\$ 4,848,921

CITY OF URBANA

Tax Increment Financing District 2 Special Revenue Fund
Balance Sheet

June 30, 2013

ASSETS

Cash and Cash Equivalents:

Savings	\$ 1,028,315
Investments	1,343,872
Receivables - Property Tax	692,874
Receivables - Loan	-

 Total Assets \$ 3,065,061

LIABILITIES AND FUND BALANCE

Liabilities:

Due to Other Funds	\$ 136,535
Accounts Payable	14,808
Accrued Salaries and Taxes	2,016
Deferred Revenues	520,060

 Total Liabilities 673,419

Fund Balance:

Restricted for Boneyard Construction	-
Restricted for Economic Development	2,391,642

 Total Fund Balance 2,391,642

Total Liabilities and
Fund Balance \$ 3,065,061

BRAY, DRAKE, LILES & RICHARDSON LLP
Certified Public Accountants

KARL E. DRAKE, CPA
CURTIS D. LILES, CPA
R. NEIL RICHARDSON, CPA

1606 N. Willow View Road, Suite 1E
Urbana, Illinois 61802-7446

Phone 217/337-0004
Fax 217/337-5822

JAMES P. BRAY (RETIRED)

May 20, 2014

Urbana City Council
Urbana, IL

Independent Auditor's Report
On Compliance with Illinois Municipal Code Subsection (q)
Section 11-74.4-3
Based on an Audit of the Basic Financial Statements

We have audited the basic financial statements of the City of Urbana, Illinois, as of and for the year ended June 30, 2013 and have issued our report thereon dated May 20, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the City of Urbana, Illinois, is the responsibility of the City's management. As a part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of the City's compliance with provisions of the Illinois Municipal Code Subsection (q), Section 11-74.4.3. However, the objective of our audit of the basic financial statements was not to provide an opinion on the overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, the City of Urbana, Illinois complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to the items not tested, nothing came to our attention that caused us to believe that the City of Urbana, Illinois, had not complied, in all material respects, with those provisions.

Bray, Drake, Liles & Richardson LLP
BRAY, DRAKE, LILES & RICHARDSON LLP

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

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

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: TIF District Three

Fund Balance at Beginning of Reporting Period \$ 1,389,815

Revenue/Cash Receipts Deposited in Fund During Reporting FY:	Reporting Year	Cumulative*	% of Total
Property Tax Increment	\$ 849,744	\$ 14,336,712	87%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	\$ (237,863)	\$ 1,193,244	7%
Land/Building Sale Proceeds			0%
Bond Proceeds			0%
Transfers from Municipal Sources	\$ (191,472)		0%
Private Sources			0%
Other (identify source _____; if multiple other sources, attach schedule) Provena Past Interest Released		905,510	6%

*must be completed where 'Reporting Year' is populated

Total Amount Deposited in Special Tax Allocation Fund During Reporting Period \$ 420,409

Cumulative Total Revenues/Cash Receipts \$ 16,435,466 100%

Total Expenditures/Cash Disbursements (Carried forward from Section 3.2) \$ 926,827

Distribution of Surplus

Total Expenditures/Disbursements \$ 926,827

NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS \$ (506,418)

FUND BALANCE, END OF REPORTING PERIOD* \$ 883,397

* 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) \$ 883,397

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)		
Provena Block Incentive	228,674	
		\$ 228,674
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		\$ 926,827

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: TIF District Three

FUND BALANCE, END OF REPORTING PERIOD

\$ 883,397

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

Total Amount Designated for Obligations

\$ - \$ -

2. Description of Project Costs to be Paid

School - Vocational		
Provena Incentive		
Goodwin/Park Improvements		
Lighting Improvement		
Matthews/Church		

Total Amount Designated for Project Costs

\$ -

TOTAL AMOUNT DESIGNATED

\$ -

SURPLUS*/(DEFICIT)

\$ 883,397

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

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

FY 2013

TIF NAME: TIF District Three

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

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:	

FY 2013

TIF NAME: TIF District Three

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*.			
TOTAL:	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ -	\$ -	\$ -
Ratio of Private/Public Investment	0		0

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

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

Project 2:

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

Project 3:

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

Project 4:

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

Project 5:

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

Project 6:

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

May 30, 2014

Local Government Division
Office of the Comptroller
100 W. Randolph, Suite 15-500
Chicago, IL 60601

**Re: Report of Annual Activities - Urbana TIF District Three
July 1, 2012 through June 30, 2013**

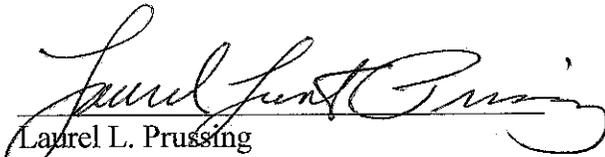
Dear Local Government Compliance Manager:

Pursuant to the Tax Increment Allocation Redevelopment Act, the City of Urbana hereby submits the annual Tax Increment Finance Report for Urbana Tax Increment Finance District Three for the period July 1, 2012 through June 30, 2013.

I hereby certify that the City of Urbana has complied with all requirements of the Tax Increment Allocation Redevelopment Act, including reporting requirements during Fiscal Year 2012-13.

Should you have any questions concerning our annual report for Urbana TIF District Three, please contact Brandon Boys, at 217/328-8270.

Sincerely,


Laurel L. Prussing
Mayor

May 30, 2014

Local Government Division
Office of the Comptroller
100 W. Randolph, Suite 15-500
Chicago, IL 60601

**Re: Report of Annual Activities - Urbana TIF District Three
July 1, 2012 through June 30, 2013**

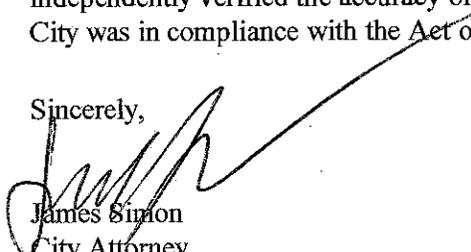
Dear Local Government Compliance Manager:

I am legal counsel for the City of Urbana, Champaign County, Illinois (the "City"), and in connection with the requirements of Section 5/11-74.4 of the Municipal Code of the State of Illinois, as amended (65 ILCS 5/11-74.4) and also referred to as the Tax Increment Allocation Redevelopment Act (the "Act") I have examined, among other things, the following:

1. Annual Tax Increment Finance Report for Urbana Tax Increment Finance District Three, as prepared by Brandon Boys, Economic Development Coordinator for the City, and Rich Hentschel, City Comptroller, dated May 30, 2014.
2. Comprehensive Annual Financial Report of the City for the year ended June 30, 2013, as the line item accounts therein are further defined and explained by the letter of Rich Hentschel, City Comptroller of Urbana, dated May 30, 2014, together with the letter from Bray, Drake, Liles & Richardson, LLP, an independent certified public accounting firm, for Fiscal Year July 1, 2012 through June 30, 2013, indicating compliance with the requirements of Section 11-74.4-3 of the Act.
3. A letter dated May 30, 2014 from Laurel L. Prussing, Mayor, addressed to the Office of the Comptroller as addressed above regarding the certification by the Mayor as the Chief Executive Officer of the City, as required by Section 11-74.4-5 (d) (3) and 11-74.6-22 (d) (3) of the Act.

Based on the foregoing and in reliance on the factual matters contained therein, but without having independently verified the accuracy or completeness of such factual matters, I am of the opinion that the City was in compliance with the Act of and during the period covered by such reported information.

Sincerely,



James Simon
City Attorney

Ph. 217/384-2464

**Attachment D
Activities Statement**

and

**Attachment F
Additional Information**

The following activities were undertaken in furtherance of the objectives of the redevelopment plan.

1. TIF paid \$8,375 for marketing, promotion and legal services.
2. A redevelopment agreement was approved on September 1, 1993 to provide TIF funds necessary to assist in the development of a two-block commercial development to provide a hotel and office building in accordance with redevelopment plans. The agreement provided TIF funds to assist the developer, Corridor Properties, Inc (now Provena Properties Inc.) to clear the two block area and construct the hotel and office projects. The developer succeeded in attracting a Hampton Inn and Perkins Restaurant to one block. In 2001, a separate agreement was approved to assist with the construction of the medical office building component of the project. In 2005, the agreement was assigned to another owner. In June, 2012, another assignment and a correction to the original legal description were approved for the portion of the project housing the medical office building. In FY12-13, TIF3 reimbursed the developer for TIF-eligible interest costs in the amount of \$ 228,674.
3. TIF 3 paid \$235,810 to the Urbana School District to subsidize a vocational training program that provides high school students with state-of-the-art computer equipment and training.
4. TIF 3 paid \$368,585 for improvements to the King Park area lighting.

AMENDMENT TO REDEVELOPMENT AGREEMENT

THIS AMENDMENT TO REDEVELOPMENT AGREEMENT (this "Amendment") is made and entered into as of this 14 day of ~~May~~^{May}, 2012, with an effective date of November 1, 2001 (the "Effective Date"), by and between the City of Urbana, Champaign County, Illinois, an Illinois municipal corporation (the "City"), Provena Hospitals, an Illinois not-for-profit corporation ("Provena"), and Fox Development Corporation, an Illinois corporation ("Fox").

Recitals

WHEREAS, the City, Provena and Fox entered into that certain Redevelopment Agreement dated November 1, 2001 (the "Redevelopment Agreement"); and

WHEREAS, the City, Provena and Fox seek to amend the Redevelopment Agreement as set forth below.

Agreement

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

1. **Capitalized Terms.** Capitalized terms not otherwise defined herein shall have the meaning attributed to them in the Redevelopment Agreement.

2. **Legal Description of Development Area.** The parties hereto hereby acknowledge and agree that the legal description of the Development Area as set forth in Exhibit B to the Redevelopment Agreement contained certain errors. The parties hereto agree that the Redevelopment Agreement is hereby amended by deleting Exhibit B attached to the Redevelopment Agreement and inserting the new Exhibit B attached hereto as Schedule 1 in lieu thereof.

3. **Ratifications.** Except as specifically herein amended, all terms, provisions, conditions and exhibits contained in the Redevelopment Agreement are hereby confirmed, ratified and restated and shall remain unmodified and in full force and effect. In the event that any provision of this Amendment shall conflict with the terms, provisions, conditions, and exhibits of the Redevelopment Agreement, the terms of this Amendment shall govern and control.

4. **Counterparts; Signatures.** This Amendment may be executed in any number of counterparts and by each of the undersigned on separate counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts put together shall constitute but one and the same Amendment. Signatures to this Amendment transmitted by .pdf, electronic mail or other electronic means shall be treated as originals in all respects for purposes of this Amendment.

5. **Successors and Assigns.** This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties have executed this Amendment under seal as of the date first set forth above.

CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS,
an Illinois municipal corporation

By:
Mayor

PROVENA HOSPITALS,
an Illinois not-for-profit corporation

By: _____
Name: _____
Title: _____

FOX DEVELOPMENT CORPORATION,
an Illinois corporation

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties have executed this Amendment under seal as of the date first set forth above.

CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS,
an Illinois municipal corporation

By: _____
Mayor

PROVENA HOSPITALS,
an Illinois not-for-profit corporation

By: Robert M. Hauptman
Name: Robert M. Hauptman
Title: System Vice President

FOX DEVELOPMENT CORPORATION,
an Illinois corporation

By: _____
Name: _____
Title: _____

5. Successors and Assigns. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties have executed this Amendment under seal as of the date first set forth above.

CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS,
an Illinois municipal corporation.

By: _____
Mayor

PROVENA HOSPITALS,
an Illinois not-for-profit corporation

By: _____
Name: _____
Title: _____

FOX DEVELOPMENT CORPORATION,
an Illinois corporation

By:  _____
Name: FRANK E FOX
Title: CHAIRMAN

SCHEDULE 1

EXHIBIT B

Legal Description of Development Area

The Development Area is such part of the real estate in the City of Urbana, Illinois, generally bounded by Park Avenue to the north, Mathews Avenue to the east, University Avenue to the south and Wright Street to the west, more particularly described as follows:

Block 1:

Lots 1, 2, 3, 4, 5 and 6, except the South 42 feet of said Lot 6, in Block "B" of Seminary Addition to Urbana, as shown on a plat recorded in Deed Record Book Y at Page 208 in the Office of the Recorder, Champaign County, Illinois.

and

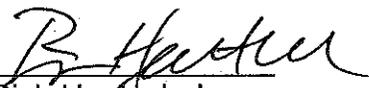
Block 2:

Block 39 of the Seminary Addition to Urbana, Champaign County, Illinois, as shown on a plat recorded in Deed Record Book Y at Page 208 in the Office of the Recorder, Champaign County, Illinois.

May 30, 2014

To Whom It May Concern:

The attached balance sheet and statement of revenues, expenditures and changes in fund balance for the City of Urbana Tax Increment Financing District Number Three is included as a fund of the City of Urbana Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013.


Rich Hertschel
City Comptroller

CITY OF URBANA

Tax Increment Financing District 3 Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Property Tax	\$ 944,680	\$ 944,680	\$ 849,744	\$ (94,936)
Provena Past Interest Released	-	-	-	-
Investment Earnings:				
Interest	20,500	20,500	174,912	154,412
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(412,775)	(412,775)
Total Net Investment Earnings	<u>20,500</u>	<u>20,500</u>	<u>(237,863)</u>	<u>(258,363)</u>
Total Revenues	<u>965,180</u>	<u>965,180</u>	<u>611,881</u>	<u>(353,299)</u>
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	63,620	63,620	85,383	(21,763)
Contractual Services:				
Vocational Payments to School District	235,810	235,810	235,810	-
Provena Block Incentive	251,050	251,050	228,674	22,376
Marketing/Promotion/Legal	20,000	20,000	8,375	11,625
Appraisals	20,000	20,000	-	20,000
Site Preparation	48,177	48,177	-	48,177
Capital Outlay:				
Goodwin/Park St. Impr.	281,975	281,975	-	281,975
King Park Area Lighting Impr.	380,000	380,000	368,585	11,415
Matthews/Church Impr	920,000	920,000	-	920,000
Total Expenditures	<u>2,220,632</u>	<u>2,220,632</u>	<u>926,827</u>	<u>1,293,805</u>
Other Financing Uses:				
Transfers In (Out)				
Park District Improvements	(118,440)	(118,440)	(118,440)	-
King Park Sculpture	(50,000)	(50,000)	(34,000)	16,000
Mathews/Church Impr.	0	0	(34,182)	(34,182)
King Park Area Lighting Impr	-	-	(4,850)	(4,850)
Total Transfers In (Out)	<u>(168,440)</u>	<u>(168,440)</u>	<u>(191,472)</u>	<u>(23,032)</u>
Net Change in Fund Balance	(1,423,892)	(1,423,892)	(506,418)	(917,474)
Fund Balance, Beginning of Year	<u>1,389,815</u>	<u>1,389,815</u>	<u>1,389,815</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (34,077)</u>	<u>\$ (34,077)</u>	<u>\$ 883,397</u>	<u>\$ (917,474)</u>

CITY OF URBANA

Tax Increment Financing District 3 Special Revenue Fund
Balance Sheet

June 30, 2013

ASSETS

Cash and Cash Equivalents:

Savings	\$ 1,230,413
Investments	11,906,390
Receivables - Property Tax	<u>560,758</u>

Total Assets \$ 13,697,561

LIABILITIES AND FUND BALANCE

Liabilities:

Due to Other Funds	\$ 68,032
Accounts Payable	1,030,500
Accrued Salaries and Taxes	2,825
Deferred Revenues - Prop. Tax	341,737
Taxes in Escrow - Provena	<u>11,371,070</u>

Total Liabilities 12,814,164

Fund Balance:

Restricted for Economic Development	<u>883,397</u>
-------------------------------------	----------------

Total Liabilities and
Fund Balance \$ 13,697,561

BRAY, DRAKE, LILES & RICHARDSON LLP
Certified Public Accountants

KARL E. DRAKE, CPA
CURTIS D. LILES, CPA
R. NEIL RICHARDSON, CPA

JAMES P. BRAY (RETIRED)

1606 N. Willow View Road, Suite 1E
Urbana, Illinois 61802-7446

Phone 217/337-0004
Fax 217/337-5822

May 20, 2014

Urbana City Council
Urbana, IL

Independent Auditor's Report
On Compliance with Illinois Municipal Code Subsection (q)
Section 11-74.4-3
Based on an Audit of the Basic Financial Statements

We have audited the basic financial statements of the City of Urbana, Illinois, as of and for the year ended June 30, 2013 and have issued our report thereon dated May 20, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the City of Urbana, Illinois, is the responsibility of the City's management. As a part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of the City's compliance with provisions of the Illinois Municipal Code Subsection (q), Section 11-74.4.3. However, the objective of our audit of the basic financial statements was not to provide an opinion on the overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, the City of Urbana, Illinois complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to the items not tested, nothing came to our attention that caused us to believe that the City of Urbana, Illinois, had not complied, in all material respects, with those provisions.

Bray, Drake, Liles & Richardson LLP
BRAY, DRAKE, LILES & RICHARDSON LLP

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:	TIF District Four
Primary Use of Redevelopment Project Area*:	Combination/Mixed
If "Combination/Mixed" List Component Types:	Housing/Commercial
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.

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: TIF District Four

Fund Balance at Beginning of Reporting Period \$ 1,563,268

Revenue/Cash Receipts Deposited in Fund During Reporting FY:	Reporting Year	Cumulative*	% of Total
Property Tax Increment	\$ 750,732	\$ 5,222,735	93%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	\$ (7,797)	\$ 153,684	3%
Land/Building Sale Proceeds			0%
Bond Proceeds			0%
Transfers from Municipal Sources	\$ 116,938	\$ 118,440	2%
Private Sources			0%
Other (identify source _____; if multiple other sources, attach schedule) IDOT Reimbursement	\$ 110,692	\$ 110,692	2%

*must be completed where 'Reporting Year' is populated

Total Amount Deposited in Special Tax Allocation Fund During Reporting Period \$ 970,565

Cumulative Total Revenues/Cash Receipts \$ 5,605,551 100%

Total Expenditures/Cash Disbursements (Carried forward from Section 3.2) \$ 756,679

Distribution of Surplus

Total Expenditures/Disbursements \$ 756,679

NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS \$ 213,886

FUND BALANCE, END OF REPORTING PERIOD* \$ 1,777,154

* 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) \$ (2,846)

SECTION 3.2 A

PAGE 2

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

\$ -

8. Financing costs. Subsection (q) (6) and (o)(8)

\$ -

9. Approved capital costs. Subsection (q)(7) and (o)(9)

\$ -

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

\$ -

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

\$ -

12. Payments in lieu of taxes. Subsection (q)(9) and (o)(11)

\$ -

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

\$ -

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)		
O'Brien Incentives	319,714	
Creative Thermal Incentives	34,913	
Soccer Planet Incentives	25,082	
		\$ 379,709
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		\$ 756,679

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: TIF District Four

FUND BALANCE, END OF REPORTING PERIOD

\$ 1,777,154

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

Total Amount Designated for Obligations

\$ - \$ -

2. Description of Project Costs to be Paid

Airport Road Improvements		\$ 900,000
Cunningham Sidepath		\$ 250,000
O'Brien Incentive		\$ 90,000
Creative Thermal Incentive		\$ 120,000
Park District Projects		\$ 120,000
Hanford Inn Demolition		\$ 300,000

Total Amount Designated for Project Costs

\$ 1,780,000

TOTAL AMOUNT DESIGNATED

\$ 1,780,000

SURPLUS*/(DEFICIT)

\$ (2,846)

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

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

FY 2013

TIF NAME: TIF District Four

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

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:	

FY 2013

TIF NAME: TIF District Four

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*.			
TOTAL:	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ -	\$ -	\$ -
Ratio of Private/Public Investment	0		0

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

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

Project 2:

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

Project 3:

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

Project 4:

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

Project 5:

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

Project 6:

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

May 30, 2014

Local Government Division
Office of the Comptroller
100 W. Randolph, Suite 15-500
Chicago, IL 60601

**Re: Report of Annual Activities - Urbana TIF District Four
July 1, 2012 through June 30, 2013**

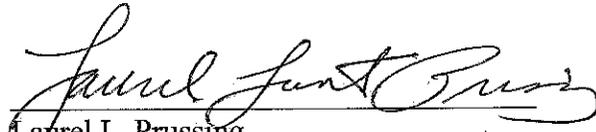
Dear Local Government Compliance Manager:

Pursuant to the Tax Increment Allocation Redevelopment Act, the City of Urbana hereby submits the annual Tax Increment Finance Report for Urbana Tax Increment Finance District Four for the period July 1, 2012 through June 30, 2013.

I hereby certify that the City of Urbana has complied with all requirements of the Tax Increment Allocation Redevelopment Act, including reporting requirements during Fiscal Year 2012-13.

Should you have any questions concerning our annual report for Urbana TIF District Four, please contact Brandon Boys, at 217/328-8270.

Sincerely,


Laurel L. Prussing
Mayor

May 30, 2014

Local Government Division
Office of the Comptroller
100 W. Randolph, Suite 15-500
Chicago, IL 60601

**Re: Report of Annual Activities - Urbana TIF District Four
July 1, 2012 through June 30, 2013**

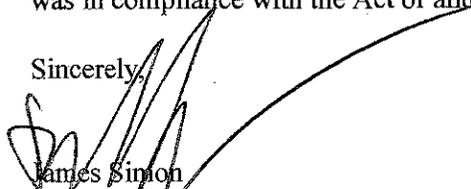
Dear Local Government Compliance Manager:

I am legal counsel for the City of Urbana, Champaign County, Illinois (the "City"), and in connection with the requirements of Section 5/11-74.4 of the Municipal Code of the State of Illinois, as amended (65 ILCS 5/11-74.4) and also referred to as the Tax Increment Allocation Redevelopment Act (the "Act") I have examined, among other things, the following:

1. Annual Tax Increment Finance Report for Urbana Tax Increment Finance District Four, as prepared by Brandon Boys, Economic Development Coordinator, and Rich Hentschel, City Comptroller, dated May 30, 2014.
2. Comprehensive Annual Financial Report of the City for the year ended June 30, 2013, as the line item accounts therein are further defined and explained by the letter of Rich Hentschel, City Comptroller of Urbana, dated May 30, 2014, together with the letter from Bray, Drake, Liles & Richardson, LLP, an independent certified public accounting firm, for Fiscal Year July 1, 2012 through June 30, 2013, indicating compliance with the requirements of Section 11-74.4-3 of the Act.
3. A letter dated May 30, 2014 from Laurel L. Prussing, Mayor, addressed to the Office of the Comptroller as addressed above regarding the certification by the Mayor as the Chief Executive Officer of the City, as required by Section 11-74.4-5 (d) (3) and 11-74.6-22 (d) (3) of the Act

Based on the foregoing and in reliance on the factual matters contained therein, but without having independently verified the accuracy or completeness of such factual matters, I am of the opinion that the City was in compliance with the Act of and during the period covered by such reported information.

Sincerely,



James Simon
City Attorney
Ph. 217/384-2464

**Attachment D
Activities Statement**

and

**Attachment F
Additional Information**

The following activities were undertaken in furtherance of the objectives of the redevelopment plan.

1. TIF 4 paid \$9,512 for site marketing services.
2. The City completed an agreement with O'Brien Auto Park to complete provision of the 2001 agreement. O'Brien Auto Park opened its new car dealership in August 2006. TIF4 paid \$330,000 for its share of the construction of O'Brien Drive. The City has also agreed to reimburse O'Brien for interest costs on the project over the next 10 years. The amount of interest reimbursed in FY12-13 was \$319,714.
3. TIF 4 paid \$25,082 to Soccer Planet as part of the loan subsidy program.
4. TIF 4 paid \$34,913 in interest subsidies to Creative Thermal.
5. TIF 4 paid \$231,011 for improvements to Willow Road.
6. TIF 4 paid \$7,500 for improvements to Airport Road.
7. TIF 4 paid \$190 for site preparation.
8. TIF 4 paid \$8,991 for signals at Cunningham and Kerr Avenues.
9. TIF 4 paid \$1,326 for improvements to Cunningham Avenue Right of Way.

REDEVELOPMENT AGREEMENT

by and between the

CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS

and

FRASCA ASSOCIATES

Dated as of December 1, 2012

Document Prepared By:

**Kenneth N. Beth
Evans, Froehlich, Beth & Chamley
44 Main Street, Third Floor
Champaign, IL 61820**

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EXHIBIT LIST

EXHIBIT A Description of Property

REDEVELOPMENT AGREEMENT

THIS REDEVELOPMENT AGREEMENT (including any exhibits and attachments hereto, collectively, this **"Agreement"**) is dated for reference purposes only as of December 1, 2012, but actually executed by each of the parties on the dates set forth beneath each of their respective signatures below, by and between the **City of Urbana, Champaign County, Illinois**, an Illinois municipal corporation (the **"City"**), and **Frasca Associates**, an Illinois general partnership (the **"Developer"**). This Agreement shall become effective upon the date of the last of the City and the Developer to execute and date this Agreement and to deliver it to the other (the **"Effective Date"**).

RECITALS

WHEREAS, in accordance with and pursuant to the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.), as supplemented and amended (the **"TIF Act"**), including by the power and authority of the City as a home rule unit under Section 6 of Article VII of the Constitution of Illinois, the City Council of the City (the **"Corporate Authorities"**) did adopt a series of ordinances (Ordinance Nos. 2001-12-164, 2001-12-165 and 2001-12-166 on December 17, 2001) including as supplemented and amended (collectively, the **"TIF Ordinances"**); and

WHEREAS, under and pursuant to the TIF Act and the TIF Ordinances, the City designated the Cunningham Avenue Corridor Redevelopment Project Area (the **"Redevelopment Project Area"**) and approved the related redevelopment plan, as supplemented and amended (the **"Redevelopment Plan"**), including the redevelopment projects described in the Redevelopment Plan (collectively, the **"Redevelopment Projects"**); and

WHEREAS, as contemplated by the Redevelopment Plan and the Redevelopment Projects, the Developer proposes to develop the Property (as defined below) and to undertake (or cause to be undertaken) the Project (including related and appurtenant facilities as more fully defined below); and

WHEREAS, the Property (as defined below) is within the Redevelopment Project Area; and

WHEREAS, the Developer is unwilling to develop the Property (as defined below) and to undertake the Project (as defined below) without certain tax increment finance incentives from the City, which the City is willing to provide; and

WHEREAS, the City has determined that it is desirable and in the City's best interests to assist the Developer in the manner set forth in this Agreement; and

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Developer hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. For purposes of this Agreement and unless the context clearly requires otherwise, the capitalized words, terms and phrases used in this Agreement shall have the meaning provided in the above Recitals and from place to place herein, including as follows:

“Annual Reimbursement Amounts” means, collectively, amounts to be reimbursed or paid to or as directed by the Developer from the Fund by the City under and pursuant to Section 4.1 of this Agreement.

“City Codes” means all applicable laws, codes, rules, regulations and ordinances of the City, including, without limitation, all applicable subdivision, zoning, environmental, building code or any other land use regulation or permit.

“City Comptroller” means the City Comptroller of the City, or his or her designee.

“Completion Date” means December 31, 2012 as to Phase I; December 31, 2013 as to Phase II; and December 31, 2014 as to Phase III the dates on or before which each phase of the Project reaches substantial completion such that it is ready for occupancy, utilization and continuous operation as evidenced by the issuance of a certificate of occupancy by the City.

“Commencement Date” means no later than October 31, 2012 as to Phase I, June 1, 2013, as to Phase II and January 1, 2014 as to Phase III, the dates on or before which the construction of each phase of the Project is to commence.

“Corporate Authorities” means the City Council of the City.

“Eligible Redevelopment Project Costs” means those costs paid and incurred in connection with the Project which are authorized to be reimbursed or paid from the Fund as provided in Section 5/11-74.4-3(q) of the TIF Act, including, but not limited to: (a) costs of studies, surveys, development of plans and specifications including but not limited to professional service costs for architectural, engineering, legal, financial, planning or other services; (b) site preparation, including clearing and grading of land; (c) costs of the construction of public works or improvements; (d) costs of rehabilitation, reconstruction, repair or remodeling of existing buildings; and (e) up to 30% per year of interest costs incurred by the Developer related to the construction of the Project subject to the total cost limitations of such interest payments as set forth in subparagraph (D) of such Section, 5/11-74.4-3(q)(11).

“Fund” means, collectively, the “Special Tax Allocation Fund” for the Redevelopment Project Area established under Section 5/11-74.8 of the TIF Act and the TIF Ordinances.

“Incremental Property Taxes” means, net of all amounts required by operation of the TIF Act to be paid to other taxing districts, including as surplus, in each calendar year during the term of this Agreement, the portion of the ad valorem real estate taxes arising from levies upon the Property by taxing districts that is attributable to the increase in the equalized assessed value of the Property over the equalized assessed value of the Property for tax year 2011 which, pursuant to the TIF Ordinances and Section 5/11-74.4-8(b) of the TIF Act, will be allocated to and when collected shall

be paid to the City Comptroller for deposit by the City Comptroller into the Fund established to pay Eligible Redevelopment Project Costs and other redevelopment project costs as authorized under Section 5/11-74.4-3(q) of the TIF Act.

“Independent” or **“independent”**, when used with respect to any specified person, means such person who is in fact independent and is not connected with the City or the Developer as an officer, employee, partner, or person performing a similar function, and whenever it is provided in this Agreement that the opinion or report of any independent person shall be furnished, such person shall be appointed by the Developer and approved by the City, and such opinion or report shall state that the signer had read this definition and that the signer is independent within the meaning hereof.

“Phase I”, **“Phase II”** and **“Phase III”** means the applicable first, second and third phase of the Project.

“Prevailing Wage Act” means the Prevailing Wage Act (820 ILCS 130/0.01 et seq.) of the State of Illinois, the material terms of which require all contractors and subcontractors to pay all laborers, workers and mechanics performing work on any “public works” (as therein defined) no less than the “prevailing rate of wages” (hourly cash wages plus fringe benefits) in the county where the work is located and to perform certain notice and recordkeeping duties.

“Project” means, in connection with the Property, the construction of an addition to a building the rehabilitation, reconstruction, repair or remodeling of an existing building and the construction of a building containing not less than 12,000 square feet, in phases as further described below:

Phase I

4,000 square foot addition to building 2 to facilitate larger welding area and the addition of a five axis CNC milling machine.

Expand parking lot near building 2 addition.

Reconfigure existing building 2 for use as expanded composite shop.

Add washrooms to building 2.

Add sewer extension and water to building 2.

Move composite shop from building 1 to building 2.

Phase II

Remodel old composite shop in building 1 for additional office space to support 20 additional engineers and technical staff.

*Expand and remodel lunch room and washrooms to facilitate increased number of employees.

Phase III

Add new building, 12,000 to 24,000 square feet to facilitate expanded machine shop, inventory and project staging.

*Demolition of old runway surface at airport

*Additional expansion of parking

*Resurfacing of parking, airport ramps and taxiways

*Signage

*Retention pond maintenance and possible expansion.

*Incorporation of these elements of the Project will be based on further analysis by Frasca and shall be performed in its discretion.

“Property” means, collectively, the real estate consisting of the parcel or parcels legally described on Exhibit A hereto, upon or within which the Project is to be undertaken and completed.

“Related Agreements” means all option, development, redevelopment, construction, financing, franchise, loan, ground lease and lease agreements, whether now or hereafter existing, executed by the Developer in connection with the Project.

“Requisition” means a request by the Developer for a payment or reimbursement of Eligible Redevelopment Project Costs pursuant to the procedures set forth in Article VI of this Agreement.

Section 1.2. Construction. This Agreement, except where the context by clear implication shall otherwise require, shall be construed and applied as follows:

- (a) definitions include both singular and plural.
- (b) pronouns include both singular and plural and cover all genders; and
- (c) headings of sections herein are solely for convenience of reference and do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.
- (d) all exhibits attached to this Agreement shall be and are operative provisions of this Agreement and shall be and are incorporated by reference in the context of use where mentioned and referenced in this Agreement.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of the City. In order to induce the Developer to enter into this Agreement, the City hereby makes certain representations and warranties to the Developer, as follows:

(a) **Organization and Standing.** The City is a home rule municipality duly organized, validly existing and in good standing under the Constitution and laws of the State of Illinois.

(b) **Power and Authority.** The City has full power and authority to execute and deliver this Agreement and to perform all of its agreements, obligations and undertakings hereunder.

(c) **Authorization and Enforceability.** The execution, delivery and performance of this Agreement have been duly and validly authorized by all necessary action on the part of the City's Corporate Authorities. This Agreement is a legal, valid and binding obligation of the City, enforceable against the City in accordance with its terms, except to the extent that any and all financial obligations of the City under this Agreement shall be limited to the availability of such Incremental Property Taxes therefor as may be specified in this Agreement and that such

enforceability may be further limited by laws, rulings and decisions affecting remedies, and by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforceability of debtors' or creditors' rights, and by equitable principles.

(d) No Violation. Neither the execution nor the delivery of this Agreement or the performance of the City's agreements, obligations and undertakings hereunder will conflict with, violate or result in a breach of any of the terms, conditions, or provisions of any agreement, rule, regulation, statute, ordinance, judgment, decree, or other law by which the City may be bound.

(e) Governmental Consents and Approvals. No consent or approval by any governmental authority is required in connection with the execution and delivery by the City of this Agreement or the performance by the City of its obligations hereunder.

Section 2.2. Representations and Warranties of the Developer. In order to induce the City to enter into this Agreement, the Developer makes the following representations and warranties to the City:

(a) Organization. The Developer is a general partnership duly organized, validly existing and in good standing under the laws of the State of Illinois.

(b) Power and Authority. The Developer has full power and authority to execute and deliver this Agreement and to perform all of its agreements, obligations and undertakings hereunder.

(c) Authorization and Enforceability. The execution, delivery and performance of this Agreement have been duly and validly authorized by all necessary action on the part of the Developer's partners. This Agreement is a legal, valid and binding agreement, obligation and undertaking of the Developer, enforceable against the Developer in accordance with its terms, except to the extent that such enforceability may be limited by laws, rulings and decisions affecting remedies, and by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforceability of debtors' or creditors' rights, and by equitable principles.

(d) No Violation. Neither the execution nor the delivery or performance of this Agreement will conflict with, violate or result in a breach of any of the terms, conditions, or provisions of, or constitute a default under, or (with or without the giving of notice or the passage of time or both) entitle any party to terminate or declare a default under any contract, agreement, lease, license or instrument or any rule, regulation, statute, ordinance, judicial decision, judgment, decree or other law to which the Developer is a party or by which the Developer or any of its assets may be bound.

(e) Consents and Approvals. No consent or approval by any governmental authority or by any other person or entity is required in connection with the execution and delivery by the Developer of this Agreement or the performance by the Developer of its obligations hereunder.

(f) No Proceedings or Judgments. There is no claim, action or proceeding now pending, or to the best of its knowledge, threatened, before any court, administrative or regulatory body, or governmental agency (1) to which the Developer is a party and (2) which will, or could, prevent the Developer's performance of its obligations under this Agreement.

(g) **Maintenance of Existence.** Subject to Section 9.9 of this Agreement, the Developer shall do or cause to be done all things necessary to preserve and keep in full force and effect its existence as an Illinois corporation.

(h) **Creation of Jobs.** The Project will enable the creation of a total of forty (40) or more jobs during the period beginning October 1, 2012 and continuing until the completion of the five year period immediately following the Phase III Completion Date.

Section 2.3. Related Agreements. Upon the request of the City, the Developer shall deliver true, complete and correct copies of all Related Agreements (redacted by the Developer to protect any confidential or proprietary information). The Developer represents and warrants to the City that such Related Agreements now executed and delivered are in full force and effect and have not been cancelled or terminated and that the Developer is not aware of any of its obligations under any of such existing Related Agreements required to be performed on or before the date hereof which have not been performed by the Developer or the other parties thereto.

Section 2.4. Disclaimer of Warranties. The City and the Developer acknowledge that neither has made any warranties to the other except as set forth in this Agreement. The City hereby disclaims any and all warranties with respect to the Property and the Project, express or implied, including, without limitation, any implied warranty of fitness for a particular purpose or merchantability or sufficiency of the Incremental Property Taxes for the purposes of this Agreement. Nothing has come to the attention of the Developer to question the assumptions or conclusions or other terms and provisions of any projections of Incremental Property Taxes, and the Developer assumes all risks in connection with the practical realization of any such projections of Incremental Property Taxes.

ARTICLE III **CONDITIONS PRECEDENT TO THE UNDERTAKINGS** **ON THE PART OF THE DEVELOPER AND THE CITY**

Section 3.1. Conditions Precedent. The undertakings on the part of the City as set forth in this Agreement are expressly contingent upon the Developer having completed the construction of Phase I of the Project on or before the applicable Completion Date in accordance with all applicable City Codes.

Section 3.2. Satisfaction of Conditions; Notice of Termination. The Developer shall use due diligence to timely satisfy the condition set forth in Section 3.1 above, but if such condition is not so satisfied, then either party may terminate this Agreement by giving written notice thereof to the other. In the event of such termination, this Agreement shall be deemed null and void and of no force or effect and neither the City nor the Developer shall have any obligation or liability with respect thereto.

ARTICLE IV **CITY'S COVENANTS AND AGREEMENTS**

Section 4.1. City's TIF Funded Financial Obligations. The City shall have the obligations set forth in this Section 4.1 relative to financing Eligible Redevelopment Project Costs

in connection with the Project. Upon the submission to the City by the Developer of a Requisition for Eligible Redevelopment Project Costs incurred and paid and the approval thereof by the City in accordance with Article VI of this Agreement, the City, subject to the terms, conditions and limitation set forth in this Section 4.1 immediately below, agrees to reimburse the Developer, or to pay as directed by the Developer, from the Fund such annual amounts (the “**Annual Reimbursement Amounts**”) related to Project upon the Property as follows:

(a) **Annual Reimbursement Amounts.** Such Annual Reimbursement Amounts in connection with the Project in any one calendar year shall be equal to sixty percent (60%) of the Incremental Property Taxes actually received by the City in each such calendar year subject to the terms and limitations of this Section immediately below;

(b) **Calculation of Annual Amount.** For the purpose of calculating the total amount of Incremental Property Taxes for such calendar year which are directly attributable to the Project upon the Property, the total equalized assessed value (the “**EAV**”) of the Property for such calendar year shall be reduced by the EAV of the Property for tax year 2011 in the agreed amount of \$1,674,860.00 (the result being the “**Incremental EAV**”), and such Incremental EAV shall be multiplied by the total tax rate of all applicable taxing districts levying taxes upon the Property for any such applicable calendar year;

(c) **Period of Annual Reimbursements.** The obligations of the City to reimburse the Developer for any Annual Reimbursement Amounts under this Section 4.1 shall be for a maximum period of ten (10) calendar years, commencing with the calendar year following the calendar year in which a certificate of occupancy is issued for Phase I of the Project, and shall terminate upon reimbursement by the City in accordance with Article VI of this Agreement not later than December 31 of the tenth (10th) calendar year in which any such Annual Reimbursement Amounts in connection with the Project become due and payable pursuant to this Section 4.1 and Article VI hereof; and

(d) **Dollar Limitation of Annual Reimbursement Amounts.** The total amount of all such payments of Annual Reimbursement Amounts pursuant to Section 4.1(a) above shall not exceed the lesser of: (i) the total amount of all Eligible Redevelopment Project Costs which are directly attributable and allocable to the Project upon the Property; or (ii) based upon the applicable amount of the Incremental EAV, the total amount set forth below:

<u>Incremental EAV</u>	<u>Total Amount</u>
\$500,000	\$275,000
\$630,000	\$350,000
\$790,000	\$425,000

Section 4.2. City’s Public Improvement Obligations. In connection with the Project, the City and the Developer mutually covenant and agree that the public improvement described below are necessary or desirable to be undertaken:

(a) **Airport Road Project.** The City agrees to apply to the Illinois Department of Transportation for a grant of economic development funds (the “**Grant**”) to enable the City to

reconstruct 2,375 feet of Airport Road pavement adjacent to the Property from the west edge of the Cunningham Avenue pavement to approximately the west radius tangent point of the access drive along the western edge of the Property (the "Airport Road Project"). Such Airport Road Project shall include a three-lane cross section of roadway with a concrete or full depth asphalt pavement with curb and gutter, including storm sewers. In order to be eligible for the Grant, the Developer agrees to cooperate with the City in applying for the Grant, including, but not limited to, supplying any such commitments or certifications as may be required by the terms of the Grant to evidence the creation of jobs in connection with the Project. Provided the City is awarded the Grant, the City agrees to undertake (or cause to be undertaken), the Airport Road Project with such Grant and other City funds as soon as practical in accordance with the terms and conditions of such Grant.

In the event the City is not awarded the Grant, the City agrees to undertake (or cause to be undertaken) at its sole cost and expense of the Airport Road Project as part of the City's annual Capital Improvement Plan no later than December 31, 2016.

(b) **Required right-of-way or easements.** If and to the extent that a part of any real estate owned by the Developer is required for any additional public right-of-way or public easements in connection with the Airport Road Project, the Developer shall dedicate or grant any such public right-of-way or public easements to the City without cost, and the City's obligations in connection with the Airport Road Project as provided in this Section 4.2(a) above is expressly contingent upon any such dedication or grant being timely made. In any event, the City shall endeavor to obtain and use all necessary public right-of-way for the Airport Road Project from the real property owned by the Developer to the south of Airport Road. In no event shall the City's acquisition of any public right-of-way damage existing improvements on the Property or impede its current use.

Section 4.3. Extension of Enterprise Zone. Within sixty (60) days after the satisfaction of the condition precedent as specified in Section 3.1 of this Agreement, the City covenants and agrees to adopt an ordinance and make application in accordance with the applicable provisions of the Illinois Enterprise Zone Act (20 ILCS 655/1 et seq.) (the "Enterprise Zone Act") in order to initiate an extension of the Enterprise Zone of the City, as certified by the Illinois Department of Commerce and Economic Opportunity ("DCEO"), to include the Property. The Developer acknowledges and agrees that the inclusion of the Property to the Enterprise Zone of the City is subject to the approval of DCEO in accordance with the Enterprise Zone Act, and that the City makes no representation or warranty with respect to any such approval by DCEO. If and when approved by DCEO, the Developer would be eligible to receive, among others, certain incentives by way of an exemption from the Retailers' Occupation Tax and the Home Rule Municipal Retailers Occupation Tax on the sale by an Illinois retailer of building materials to be incorporated into the Project but would not be entitled to any abatement of any ad valorem taxes levied upon the Property by the City which are attributable to the increase in the equalized assessed value of the Property due to the construction of the Project in that any such abatement is not applicable to any improvement within the Redevelopment Project Area.

Section 4.4. Defense of Redevelopment Project Area. In the event that any court or governmental agency having jurisdiction over enforcement of the TIF Act and the subject matter contemplated by this Agreement shall determine that this Agreement, including the payments of any Annual Reimbursement Amounts to be paid or reimbursed by the City is contrary to law, or in the event that the legitimacy of the Redevelopment Project Area is otherwise challenged before a court

or governmental agency having jurisdiction thereof, the City will defend the integrity of the Redevelopment Project Area and this Agreement. Anything herein to the contrary notwithstanding, the Developer agrees that the City may, to the extent permitted by law, use any Incremental Property Taxes, including any unpaid Annual Reimbursement Amounts, if available, to be redirected to reimburse the City for its defense costs, including without limitation attorneys' fees and expenses.

ARTICLE V
DEVELOPER'S COVENANTS

Section 5.1. Commitment to Undertake and Complete Project. The Developer covenants and agrees to commence each phase of the Project on or before the applicable Commencement Date and to have the Project ready for occupancy, utilization and continuous commercial operation on or before the applicable Completion Date. The Developer recognizes and agrees that the City has sole discretion with regard to all approvals and permits relating to the Project, including but not limited to approval of the final development plans, any required permits and any certificate of occupancy, and any failure on the part of the City to grant or issue any such required permit or certificates of occupancy shall not give rise to any claim against or liability of the City pursuant to this Agreement. The City agrees, however, that any such approvals shall be made in conformance with the City Codes and shall not be unreasonably denied, withheld, conditioned or delayed.

Section 5.2. Compliance with Agreement and Laws During Development. The Developer shall at all times acquire, construct and install the Project, including any related required improvements, in conformance with this Agreement and all applicable federal or state laws, rules, regulations and permits, including without limitation all applicable City Codes, and, to the extent the Developer is deemed a "public body" or the Project or any part thereof is deemed a "public works" within the meaning of the Prevailing Wage Act, all requirements of the Prevailing Wage Act. Whenever possible, the Developer shall cause the Project to be designed, constructed and installed utilizing innovative and effective techniques in energy conservation. Any agreement of the Developer related to the design, construction or installation of the Project with any contractor, subcontractor or supplier shall, to the extent applicable, contain provisions substantially similar to those required of the Developer under this Agreement.

Section 5.3. City's Right to Audit Developer's Books and Records. The Developer agrees that the City or its agents shall have the right and authority to review and audit, from time to time (at the Developer's principal office during normal business hours) the Developer's books and records relating to the total amount of all costs paid or incurred by the Developer for the Project and the total amount of related Eligible Redevelopment Project Costs, in order to confirm that any such Eligible Redevelopment Project Costs claimed to have been paid and incurred by the Developer were directly related and allocable to the costs of the Project or to any financing of the construction of the Project and were in fact paid and incurred by the Developer.

Section 5.4. Creation of Jobs. The Developer (or its affiliate, Frasca International, Inc., on its behalf) agrees to use "reasonable efforts" to create forty (40) or more jobs in connection with the Project. "Reasonable efforts" shall mean and include the use of due diligence to create or cause the creation of such jobs under the economic conditions prevailing during such period.

Section 5.5. Continuing Compliance with Laws. The Developer agrees that in the continued use, occupation, operation and maintenance of the Project, the Developer will comply with all applicable federal and state laws, rules, regulations, permits and all applicable City Codes and other ordinances.

Section 5.6. Tax and Related Payment Obligations. The Developer agrees to pay and discharge, promptly and when the same shall become due, all general real estate taxes and assessments, all applicable interest and penalties thereon, and all other charges and impositions of every kind and nature which may be levied, assessed, charged or imposed upon the Property or any part thereof that at any time shall become due and payable upon or with respect to, or which shall become liens upon, any part of the Property. The Developer, including any others claiming by or through it, also hereby covenants and agrees not to file any application for property tax exemption for any part of the Property under any applicable provisions of the Property Tax Code of the State of Illinois (35 ILCS 200/1-1 et seq.), as supplemented and amended, unless the City and the Developer shall otherwise have first entered into a mutually acceptable agreement under and by which the Developer shall have agreed to make a payment in lieu of taxes to the City, it being mutually acknowledged and understood by both the City and the Developer that any such payment of taxes (or payment in lieu thereof) by the Developer is a material part of the consideration under and by which the City has entered into this Agreement. This covenant of the Developer shall be a covenant that runs with the land being the Property upon which the Project is undertaken and shall be in full force and effect until December 31, 2035, upon which date this covenant shall terminate and be of no further force or effect (and shall cease as a covenant binding upon or running with the land) immediately, and without the necessity of any further action by City or Developer or any other party; provided, however, upon request of any party in title to the Property, the City shall execute and deliver to such party an instrument, in recordable form, confirming for the record that this covenant has terminated and is no longer in effect. Nothing contained within this Section 5.6 shall be construed, however, to prohibit the Developer from initiating and prosecuting at its own cost and expense any proceedings permitted by law for the purpose of contesting the validity or amount of taxes, assessments, charges or other impositions levied or imposed upon the Property or any part thereof.

ARTICLE VI

PAYMENT PROCEDURES FOR ELIGIBLE REDEVELOPMENT PROJECT COSTS

Section 6.1. Payment Procedures. The City and the Developer agree that the Eligible Redevelopment Project Costs constituting the Annual Reimbursement Amounts shall be paid solely, and to the extent available, from Incremental Property Taxes that are deposited in the Fund and not otherwise. The City and the Developer intend and agree that any Annual Reimbursement Amounts shall be disbursed by the City Comptroller for payment to the Developer in accordance with the procedures set forth in this Section 6.1 of this Agreement.

The City hereby designates the City Comptroller as its representative to coordinate the authorization of disbursement of any Annual Reimbursement Amounts for the Eligible Redevelopment Project Costs. Payments to the Developer of any Annual Reimbursement Amounts for Eligible Redevelopment Project Costs shall be made upon request therefor, in form reasonably acceptable to the City (each being a "Requisition") submitted by the Developer with respect to Eligible Redevelopment Project Costs incurred and paid but not previously submitted. Each such Requisition shall be accompanied by appropriately supporting documentation, including, as

applicable: (i) receipts for paid bills or statements of suppliers, contractors or professionals, together with required contractors' affidavits or lien waivers; (ii) documentation from any financial institution which verifies the annual amount of interest costs incurred by the Developer for constructing the Project; or (iii) an affidavit by an Independent accountant which verifies that any such Eligible Project Redevelopment Costs have been paid and incurred by the Developer, together with required contractors' affidavits and lien waivers.

Section 6.2. Approval and Resubmission of Requisitions. The City Comptroller shall give the Developer written notice disapproving any of the Requisitions within ten (10) days after receipt thereof. No such approval shall be denied except on the basis that (i) all or some part of the Requisition does not constitute Eligible Redevelopment Project Costs or has not otherwise been sufficiently documented as specified herein; or (ii) any subsequent amendment of the TIF Act or any subsequent decision of a court of competent jurisdiction makes any such payment to be not authorized. If a Requisition is disapproved by such City Comptroller, the reasons for disallowance will be set forth in writing and the Developer may resubmit any such Requisition with such additional documentation or verification as may be required, if that is the basis for denial. The same procedures set forth herein applicable to disapproval shall apply to such resubmittals.

Section 6.3. Carryover. Upon the approval of any applicable Requisition as set forth in Section 6.2 above, any excess amount of Eligible Redevelopment Project Costs approved therein, which are over and above the amount of any Annual Reimbursement Amounts then payable as specified in Section 4.1 of this Agreement, shall carry over into any remaining future years that any such Annual Reimbursement Amounts become due and payable under this Agreement.

Section 6.4. Time of Payment. Provided that performance of this Agreement has not been suspended or terminated by the City under Article VII hereof, the City shall pay each of the applicable Annual Reimbursement Amounts which are approved by any one or more Requisitions under this Article to the Developer within thirty (30) calendar days after the receipt by the City of the last installment of the Incremental Property Taxes then payable for any such applicable calendar year.

ARTICLE VII **DEFAULTS AND REMEDIES**

Section 7.1. Events of Default. The occurrence of any one or more of the events specified in this Section 7.1 shall constitute a "Default" under this Agreement.

By the Developer:

- (1) The furnishing or making by or on behalf of the Developer of any statement or representation in connection with or under this Agreement or any of the Related Agreements that is false or misleading in any material respect;
- (2) The failure by the Developer to timely perform any term, obligation, covenant or condition contained in this Agreement or any of the Related Agreements;

By the City:

- (1) The failure by the City to pay any Reimbursement Amounts which become due and payable in accordance with the provisions of this Agreement; and

(2) The failure by the City to timely perform any other term, obligation, covenant or condition contained in this Agreement.

Section 7.2. Rights to Cure. The party claiming a Default under Section 7.1 of this Agreement (the “**Non-Defaulting Party**”) shall give written notice of the alleged Default to the other party (the “**Defaulting Party**”) specifying the Default complained of. Except as required to protect against immediate, irreparable harm, the Non-Defaulting Party may not institute proceedings or otherwise exercise any right or remedy against the Defaulting Party until thirty (30) days after having given such notice, provided that in the event a Default is of such nature that it will take more than thirty (30) days to cure or remedy, such Defaulting Party shall have an additional period of time reasonably necessary to cure or remedy such Default provided that such Defaulting Party promptly commences and diligently pursues such cure or remedy. During any such period following the giving of notice, the Non-Defaulting party may suspend performance under this Agreement until the Non-Defaulting Party receives written assurances from the Defaulting Party, deemed reasonably adequate by the Non-Defaulting Party, that the Defaulting Party will cure or remedy the Default and remain in compliance with its obligations under this Agreement. A Default not cured or remedied or otherwise commenced and diligently pursued within thirty (30) days as provided above shall constitute a “**Breach**” under this Agreement. Except as otherwise expressly provided in this Agreement, any failure or delay by either party in asserting any of its rights or remedies as to any Default or any Breach shall not operate as a waiver of any such Default, Breach or of any other rights or remedies it may have as a result of such Default or Breach.

Section 7.3. Remedies. Upon the occurrence of any Breach under this Agreement by the Developer, the City shall have the right to terminate this Agreement by giving written notice to the Developer of such termination and the date such termination is effective. Except for such right of termination by the City, the Non-Defaulting Party may, upon the occurrence of any Breach under this Agreement by the Defaulting Party, institute such proceedings as to damages or otherwise as may be necessary or desirable in its opinion to cure or remedy such Breach, including but not limited to proceedings to compel any legal action for specific performance or other appropriate equitable relief. Notwithstanding anything herein to the contrary, the sole remedy of the Developer upon the occurrence of any Breach by the City under any of the terms and provisions of this Agreement shall be to institute legal action against the City for specific performance or other appropriate equitable relief and under no circumstances shall the City be liable to the Developer for any indirect, special, consequential or punitive damages, including without limitation, loss of profits or revenues, loss of business opportunity or production, cost of capital, claims by customers, fines or penalties, whether liability is based upon contract, warranty, negligence, strict liability or otherwise, under any of the provisions, terms and conditions of this Agreement. In the event that any failure of the City to pay any Annual Reimbursement Amounts which become due and payable in accordance with the provisions hereof is due to insufficient Incremental Property Taxes being available to the City, any such failure shall not be deemed to be a Default or a Breach on the part of the City.

Notwithstanding anything herein to the contrary, the sole remedy of the City for monetary damages upon the occurrence of any Breach by the Developer under any of the terms and provisions of this Agreement shall be to institute legal action against the Developer for reimbursement of amounts paid to Developer as Annual Reimbursement Amounts hereunder. Under no circumstances shall the Developer be liable to the City for any indirect, special,

consequential or punitive damages, including without limitation, amounts paid by City in connection with the Airport Road Project.

Section 7.4. Costs, Expenses and Fees. Upon the occurrence of a Default or any Breach which requires either party to undertake any action to enforce any provision of this Agreement, the Defaulting Party shall pay upon demand all of the Non-Defaulting Party's charges, costs and expenses, including the reasonable fees of attorneys, agents and others, as may be paid or incurred by such Non-Defaulting Party in enforcing any of the Defaulting Party's obligations under this Agreement or in any litigation, negotiation or transaction in connection with this Agreement in which the Defaulting Party causes the Non-Defaulting Party, without the Non-Defaulting Party's fault, to become involved or concerned.

ARTICLE VIII

RELEASE, DEFENSE AND INDEMNIFICATION OF CITY

Section 8.1. Declaration of Invalidity. Notwithstanding anything herein to the contrary, the City, its Corporate Authorities, officials, agents, employees and independent contractors shall not be liable to the Developer for damages of any kind or nature whatsoever or otherwise in the event that all or any part of the TIF Act, or any of the TIF Ordinances or other ordinances of the City adopted in connection with either the TIF Act, this Agreement or the Redevelopment Plan, shall be declared invalid or unconstitutional in whole or in part by the final (as to which all rights of appeal have expired or have been exhausted) judgment of any court of competent jurisdiction, and by reason thereof either the City is prevented from performing any of the covenants and agreements herein or the Developer is prevented from enjoying the rights and privileges hereof; provided that nothing in this Section 8.1 shall limit claims by Developer against the Fund or actions by the Developer seeking specific performance of this Agreement or other relevant contracts, if any.

Section 8.2. Damage, Injury or Death Resulting from Project. The Developer releases from and covenants and agrees that the City and its Corporate Authorities, officials, agents, employees and independent contractors shall not be liable for, and agrees to indemnify and hold harmless the City, its Corporate Authorities, officials, agents, employees and independent contractors thereof against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the construction or installation of the Project, except as such may be caused by the intentional conduct, gross negligence, negligence or other acts or omissions of the City, its Corporate Authorities, officials, agents, employees or independent contractors that are contrary to the provisions of this Agreement.

Section 8.3. Damage or Injury to Developer and Others. The City and its Corporate Authorities, officials, agents, employees and independent contractors shall not be liable for any damage or injury to the persons or property of the Developer or any of its officers, agents, independent contractors or employees or of any other person who may be about the Property or the Project due to any act of negligence of any person, except as such may be caused by the intentional misconduct, gross negligence, or acts or omissions of the City, its Corporate Authorities, officials, agents, employees, or independent contractors that are contrary to the provisions of this Agreement.

Section 8.4. No Personal Liability. All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any of its Corporate Authorities, officials, agents,

employees or independent contractors in their individual capacities. No member of the Corporate Authorities, officials, agents, employees or independent contractors of the City shall be personally liable to the Developer (i) in the event of a Default or Breach by any party under this Agreement, or (ii) for the payment of any Annual Reimbursement Amounts which may become due and payable under the terms of this Agreement.

Section 8.5. City Not Liable for Developer Obligations. Notwithstanding anything herein to the contrary, the City shall not be liable to the Developer for damages of any kind or nature whatsoever arising in any way from this Agreement, from any other obligation or agreement made in connection therewith or from any Default or Breach under this Agreement; provided that nothing in this Section 8.5 shall limit claims by the Developer against the Fund or actions by the Developer seeking specific performance of this Agreement or other relevant contracts.

Section 8.6. Actions or Obligations of Developer. The Developer agrees to indemnify, defend and hold harmless the City, its Corporate Authorities, officials, agents, employees and independent contractors, from and against any and all suits, claims and cost of attorneys' fees, resulting from, arising out of, or in any way connected with (i) any of the Developer's obligations under or in connection with this Agreement, (ii) the construction or installation of the Project, and (iii) the negligence or willful misconduct of the Developer, its officials, agents, employees or independent contractors in connection with the management, development, redevelopment, construction or installation of the Project, except as such may be caused by the intentional conduct, gross negligence, negligence or breach of this Agreement by the City, its Corporate Authorities, officials, agents, employees or independent contractors.

Section 8.7. Environmental Covenants. To the extent permitted by law, the Developer agrees to indemnify, defend, and hold harmless the City, its Corporate Authorities, officials, agents, employees and independent contractors, from and against any and all claims, demands, costs, liabilities, damages or expenses, including attorneys' and consultants' fees, investigation and laboratory fees, court costs and litigation expenses, arising from: (i) any release or threat of a release, actual or alleged, of any hazardous substances, upon or about the Property or respecting any products or materials previously, now or thereafter located upon, delivered to or in transit to or from the Property regardless of whether such release or threat of release or alleged release or threat of release has occurred prior to the date hereof or hereafter occurs and regardless of whether such release occurs as a result of any act, omission, negligence or misconduct of the City or any third party or otherwise; (ii) (A) any violation now existing (actual or alleged) of, or any other liability under or in connection with, any environmental laws relating to or affecting the Property, or (B) any now existing or hereafter arising violation, actual or alleged, or any other liability, under or in connection with, any environmental laws relating to any products or materials previously, now or hereafter located upon, delivered to or in transit to or from the Property, regardless of whether such violation or alleged violation or other liability is asserted or has occurred or arisen prior to the date hereof or hereafter is asserted or occurs or arises and regardless of whether such violation or alleged violation or other liability occurs or arises, as the result of any act, omission, negligence or misconduct of the City or any third party or otherwise; (iii) any assertion by any third party of any claims or demands for any loss or injury arising out of, relating to or in connection with any hazardous substances on or about or allegedly on or about the Property; or (iv) any breach, falsity or failure of any of the representations, warranties, covenants and agreements of the like. For purposes of this paragraph, "hazardous materials" includes, without limit, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or

related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. §§ 9601 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. §§ 1801 et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. §§ 9601 et seq.), and in the regulations adopted and publications promulgated pursuant thereto, or any other federal, state or local environmental law, ordinance, rule, or regulation.

Section 8.8. Notification of Claims. Not later than thirty (30) days after the Developer becomes aware, by written or other overt communication, of any pending or threatened litigation, claim or assessment, the Developer will, if a claim in respect thereof is to be made against the Developer which affects any of the Developer's rights or obligations under this Agreement, notify the City of such pending or threatened litigation, claim or assessment, but any omission so to notify the City will not relieve the Developer from any liability which it may have to the City under this Agreement.

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 9.1 Entire Agreement and Amendments. This Agreement (together with Exhibit A attached hereto) is the entire agreement between the City and the Developer relating to the subject matter hereof. This Agreement supersedes all prior and contemporaneous negotiations, understandings and agreements, written or oral, and may not be modified or amended except by a written instrument executed by both of the parties.

Section 9.2. Third Parties. Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any other persons other than the City and the Developer and their respective successors and assigns, nor is anything in this Agreement intended to relieve or discharge any obligation or liability of any third persons to either the City or the Developer, nor shall any provision give any third parties any rights of subrogation or action over or against either the City or the Developer. This Agreement is not intended to and does not create any third party beneficiary rights whatsoever.

Section 9.3. Counterparts. Any number of counterparts of this Agreement may be executed and delivered and each shall be considered an original and together they shall constitute one agreement.

Section 9.4. Special and Limited Obligation. This Agreement shall constitute a special and limited obligation of the City according to the terms hereof. This Agreement shall never constitute a general obligation of the City to which its credit, resources or general taxing power are pledged. The City pledges to the payment of its obligations under Section 4.1 hereof only such amount of the Incremental Property Taxes as is set forth in Section 4.1 hereof, if, as and when received, and not otherwise.

Section 9.5. Time and Force Majeure. Time is of the essence of this Agreement; provided, however, neither the Developer nor the City shall be deemed in Default with respect to any performance obligations under this Agreement on their respective parts to be performed if any such failure to timely perform is due in whole or in part to the following (which also constitute "unavoidable delays"): any strike, lock-out or other labor disturbance (whether legal or illegal, with

respect to which the Developer, the City and others shall have no obligations hereunder to settle other than in their sole discretion and business judgment), civil disorder, inability to procure materials, weather conditions, wet soil conditions, failure or interruption of power, restrictive governmental laws and regulations, condemnation, riots, insurrections, acts of terrorism, war, fuel shortages, accidents, casualties, acts of God or third parties, or any other cause beyond the reasonable control of the Developer or the City.

Section 9.6. Waiver. Any party to this Agreement may elect to waive any right or remedy it may enjoy hereunder, provided that no such waiver shall be deemed to exist unless such waiver is in writing. No such waiver shall obligate the waiver of any other right or remedy hereunder, or shall be deemed to constitute a waiver of other rights and remedies provided pursuant to this Agreement.

Section 9.7. Cooperation and Further Assurances. The City and the Developer covenant and agree that each will do, execute, acknowledge and deliver or cause to be done, executed and delivered, such agreements, instruments and documents supplemental hereto and such further acts, instruments, pledges and transfers as may be reasonably required for the better assuring, mortgaging, conveying, transferring, pledging, assigning and confirming unto the City or the Developer or other appropriate persons all and singular the rights, property and revenues covenanted, agreed, conveyed, assigned, transferred and pledged under or in respect of this Agreement.

Section 9.8. Notices and Communications. All notices, demands, requests or other communications under or in respect of this Agreement shall be in writing and shall be deemed to have been given when the same are (a) deposited in the United States mail and sent by registered or certified mail, postage prepaid, return receipt requested, (b) personally delivered, (c) sent by a nationally recognized overnight courier, delivery charge prepaid or (d) transmitted by telephone facsimile, telephonically confirmed as actually received, in each case, to the City and the Developer at their respective addresses (or at such other address as each may designate by notice to the other), as follows:

- (i) In the case of the Developer, to:
Frasca International, Inc.
906 East Airport Road
Urbana, IL 61802
Attn: John Frasca
Tel: (217) 344-9200 / Fax: (217) 344-9207

With a copy to :
Webber & Thies, P.C.
Attn: David C. Thies
202 Lincoln Square
PO Box 189
Urbana, IL 61801
Tel: (217) 367-1126 / Fax: (217) 367-3752

- (ii) In the case of the City, to:
City of Urbana, Illinois
400 South Vine Street
Urbana, IL 61801
Attn: Community Development Director
Tel: (217) 384-2439 / Fax: (217) 384-0200

Whenever any party hereto is required to deliver notices, certificates, opinions, statements or other information hereunder, such party shall do so in such number of copies as shall be reasonably specified.

Section 9.9. Assignment. The Developer agrees that it shall not sell, assign or otherwise transfer any of its rights and obligations under this Agreement to any party other than to an entity having common ownership with the Developer without the prior written consent of the City. Except as authorized in this Section above, any assignment in whole or in part shall be void and shall, at the option of the City, terminate this Agreement. No such sale, assignment or transfer as authorized in this Section, including any with or without the City's prior written consent, shall be effective or binding on the City, however, unless and until the Developer delivers to the City a duly authorized, executed and delivered instrument which contains any such sale, assignment or transfer and the assumption of all the applicable covenants, agreements, terms and provisions of this Agreement by the applicable party thereto.

Section 9.10. Successors in Interest. Subject to Section 9.9 above, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respectively authorized successors, assigns and legal representatives (including successor Corporate Authorities).

Section 9.11. No Joint Venture, Agency, or Partnership Created. Nothing in this Agreement nor any actions of either of the City or the Developer shall be construed by either of the City, the Developer or any third party to create the relationship of a partnership, agency, or joint venture between or among the City and any party being the Developer.

Section 9.12. Illinois Law; Venue. This Agreement shall be construed and interpreted under the laws of the State of Illinois. If any action or proceeding is commenced by any party to enforce any of the provisions of this Agreement, the venue for any such action or proceeding shall be in Champaign County, Illinois.

Section 9.13. Term. Unless earlier terminated pursuant to the terms hereof, this Agreement shall be and remain in full force and effect from and after the Effective Date and shall terminate on December 31 of the tenth (10th) calendar year following the calendar year in which a certificate of occupancy is issued for the Project; provided, however, that anything to the contrary notwithstanding, the Developer's obligations under Section 5.6 and Article VIII of this Agreement shall be and remain in full force and effect in accordance with the express provisions thereof.

Section 9.14. Recordation of Agreement. Either party may record this Agreement or a Memorandum of this Agreement in the office of the Champaign County Recorder at any time following its execution and delivery by both parties.

Section 9.15. Construction of Agreement. This Agreement has been jointly negotiated by the parties and shall not be construed against a party because that party may have primarily assumed responsibility for preparation of this Agreement.

IN WITNESS WHEREOF, the City and the Developer have caused this Agreement to be executed by their duly authorized officers or manager(s) as of the date set forth below.

**CITY OF URBANA, CHAMPAIGN COUNTY,
ILLINOIS**

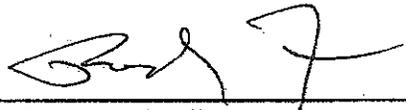
By: 
Mayor

ATTEST:

By: 
City Clerk

Date: 1/10/13

FRASCA ASSOCIATES

By: 
Its Managing Partner

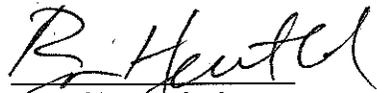
Date: 12/20/12

[Exhibit A follows this page and is an integral part of this Agreement in the context of use.]

May 30, 2014

To Whom It May Concern:

The attached balance sheet and statement of revenues, expenditures and changes in fund balance for the City of Urbana Tax Increment Financing District Number Four is included as a fund of the City of Urbana Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013.

A handwritten signature in black ink, appearing to read "R. Hentschel", written over a horizontal line.

Rich Hentschel
City Comptroller

CITY OF URBANA

Tax Increment Financing District 4 Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Property Tax	\$ 913,620	\$ 913,620	\$ 750,732	\$ (162,888)
Intergovernmental-State Grant Willow Rd.	-	-	110,692	110,692
Net Investment Earnings:				
Interest	16,700	16,700	17,217	517
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(25,014)	(25,014)
Net Investment Earnings	16,700	16,700	(7,797)	(24,497)
Total Revenues	930,320	930,320	853,627	(76,693)
Expenditures:				
Current:				
Contractual Services:				
Marketing/Promotion/Legal	12,000	12,000	9,512	2,488
Loan Program	43,149	43,149	-	43,149
Site Preparation	79,080	79,080	190	78,890
O'Brien Incentives	319,800	319,800	319,714	86
Creative Thermal Incentives	36,770	36,770	34,913	1,857
Soccer Planet Incentives	25,100	25,100	25,082	18
Park District Projects	118,440	118,440	118,440	-
Capital Outlay				
Cunningham Ave. Curbcuts	70,250	70,250	-	70,250
Cunningham/Kerr Signals	9,750	9,750	8,991	759
Willow Road Impr.	232,182	232,182	231,011	1,171
Cunningham Ave. Right of Way	70,000	70,000	1,326	68,674
Airport Road Improvement	62,500	23,950	7,500	16,450
Cunningham Ave. Sidepath	-	38,550	-	38,550
Total Expenditures	1,079,021	1,079,021	756,679	322,342
Other Financing Sources (Uses):				
Transfers In (Out)				
Transfer from TIF2, Park District Projects	118,440	118,440	118,440	-
Cunningham/Kerr Signals	0	0	(1,502)	(1,502)
Total Transfers In (Out)	118,440	118,440	116,938	(1,502)
Net Change in Fund Balance	(30,261)	(30,261)	213,886	244,147
Fund Balance, Beginning of Year	1,563,268	1,563,268	1,563,268	-
Fund Balance, End of Year	\$ 1,533,007	\$ 1,533,007	\$ 1,777,154	\$ 244,147

CITY OF URBANA

Tax Increment Financing District 4 Special Revenue Fund
Balance Sheet

June 30, 2013

ASSETS

Cash and Cash Equivalents-Savings	\$ 572,237
Investments	1,166,029
Receivables - Property Tax	<u>441,630</u>
Total Assets	<u>\$ 2,179,896</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Due to Other Funds	\$ 1,502
Accounts Payable	106,825
Deferred Revenues	<u>332,959</u>
Total Liabilities	441,286

Fund Balance:

Restricted for Economic Development	<u>1,738,610</u>
Total Liabilities and Fund Balance	<u>\$ 2,179,896</u>

BRAY, DRAKE, LILES & RICHARDSON LLP
Certified Public Accountants

KARL E. DRAKE, CPA
CURTIS D. LILES, CPA
R. NEIL RICHARDSON, CPA

JAMES P. BRAY (RETIRED)

1606 N. Willow View Road, Suite 1E
Urbana, Illinois 61802-7446

Phone 217/337-0004
Fax 217/337-5322

May 20, 2014

Urbana City Council
Urbana, IL

Independent Auditor's Report
On Compliance with Illinois Municipal Code Subsection (q)
Section 11-74.4-3
Based on an Audit of the Basic Financial Statements

We have audited the basic financial statements of the City of Urbana, Illinois, as of and for the year ended June 30, 2013 and have issued our report thereon dated May 20, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the City of Urbana, Illinois, is the responsibility of the City's management. As a part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of the City's compliance with provisions of the Illinois Municipal Code Subsection (q), Section 11-74.4.3. However, the objective of our audit of the basic financial statements was not to provide an opinion on the overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, the City of Urbana, Illinois complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to the items not tested, nothing came to our attention that caused us to believe that the City of Urbana, Illinois, had not complied, in all material respects, with those provisions.

Bray, Drake, Liles & Richardson LLP
BRAY, DRAKE, LILES & RICHARDSON LLP