



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Economic Development Division

m e m o r a n d u m

TO: Laurel Lunt Prussing, Mayor

FROM: Elizabeth H. Tyler, FAICP, Director, Community Development Services

DATE: March 12, 2015

SUBJECT: **An Ordinance Approving a Redevelopment Agreement with HG Dwell LLC (202 West Illinois Street)**

Update for the City Council Meeting

The attached revision of the enabling ordinance and proposed redevelopment agreement with HG Dwell for the renovation of 202 West Illinois Street (**Attachment A: Draft Enabling Ordinance with Attached Agreement**) has been updated for the Council's consideration. A series of technical corrections have been made to the attached agreement and are marked on pages 2, 6 and 9. These changes provide for HG Dwell to receive the annual reimbursements for tax year 2015 (payable in 2016) so long as they are issued the Certificate of Occupancy for the project by May 1, 2016 and comply with the other provisions of the agreement. The previous draft provided a deadline of December 31, 2015. The revision is of no consequence to the financial impact of the agreement and only serves to provide the developer with additional time should the project be delayed. The developer still intends to complete the project by this October.

In response to questions raised about zoning approvals for the project, Section 3.1 of the agreement requires that the project must be in compliance with zoning and building codes as well as all other relevant City ordinances as a *condition precedent* to the agreement. The developers have started the process of reaching out to neighboring properties about the project and anticipate requesting approval of a Conditional Use Permit to allow for full use of food service at this location. Zoning approvals are properly handled separately through the Zoning Administrator with recommendations or approvals by Plan Commission, Zoning Board of Appeals, and/or City Council. Zoning approvals or variances cannot be conferred or altered by a redevelopment agreement.

Recommendation

Staff recommends that the City Council approve the attached revised draft redevelopment agreement ordinance and accompanying budget amendment ordinance.

Prepared by:

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

Brandon S Boys, Economic Development Manager

Attachment A: Draft Enabling Ordinance with Attached Agreement

ATTACHMENT A

ORDINANCE NO. 2015-03-023

AN ORDINANCE APPROVING A REDEVELOPMENT AGREEMENT WITH HG DWELL
LLC
(202 West Illinois Street)

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF
URBANA, ILLINOIS, as follows:

Section 1. That a Redevelopment Agreement Between the City of Urbana and HG Dwell, LLC in substantially the form of the copy of said Agreement attached hereto, be and the same is hereby approved.

Section 2. That the Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute and deliver and the City Clerk of the City of Urbana, Illinois, be and the same is authorized to attest to said execution of said Agreement as so authorized and approved for and on behalf of the City of Urbana, Illinois.

PASSED by the City Council this ____ day of _____, 2015.

AYES:

NAYS:

ABSTAINS:

Phyllis Clark, City Clerk

APPROVED by the Mayor this ____ day of _____, 2015.

Laurel Lunt Prussing, Mayor

REDEVELOPMENT AGREEMENT

by and between the

CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS

and

HG DWELL, LLC

Dated as of March 1, 2015

Document Prepared By:

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

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I	DEFINITIONS 2
Section 1.1.	Definitions..... 2
Section 1.2.	Construction 3
ARTICLE II	REPRESENTATIONS AND WARRANTIES 3
Section 2.1.	Representations and Warranties of the City 3
	(a) Organization and Standing..... 3
	(b) Power and Authority 3
	(c) Authorization and Enforceability..... 3
	(d) No Violation 4
	(e) Governmental Consents and Approvals..... 4
Section 2.2.	Representations and Warranties of the Developer 4
	(a) Organization..... 4
	(b) Power and Authority 4
	(c) Authorization and Enforceability..... 4
	(d) No Violation 4
	(e) Consents and Approvals 4
	(f) No Proceedings or Judgments..... 4
	(g) Maintenance of Existence 4
Section 2.3.	Disclaimer of Warranties 5
ARTICLE III	CONDITIONS PRECEDENT TO THE UNDERTAKINGS ON THE PART OF THE DEVELOPER AND THE CITY 5
Section 3.1	Conditions Precedent 5
Section 3.2	Reasonable Efforts and Notice of Termination..... 5
ARTICLE IV	CITY’S COVENANTS AND AGREEMENTS 5
Section 4.1.	City’s TIF Funded Financial Obligations..... 5
Section 4.2.	Defense of Redevelopment Project Area 6
ARTICLE V	DEVELOPER’S COVENANTS 7
Section 5.1.	Commitment to Undertake and Complete Project 7
Section 5.2.	Compliance with Agreement and Laws During Project..... 7
Section 5.3.	Continuing Compliance With Laws 7
Section 5.4.	Tax and Related Payment Obligations 7
ARTICLE VI	PAYMENT PROCEDURES FOR ELIGIBLE REDEVELOPMENT PROJECT COSTS 8
Section 6.1.	Payment Procedures 8
Section 6.2.	Approval and Resubmission of Requisitions 8
Section 6.3.	Time of Payment 8

ARTICLE VII	DEFAULTS AND REMEDIES	9
Section 7.1.	Events of Default.....	9
Section 7.2.	Rights to Cure	9
Section 7.3.	Remedies	10
Section 7.4.	Costs, Expenses and Fees.....	10
ARTICLE VIII	RELEASE, DEFENSE AND INDEMNIFICATION OF CITY	10
Section 8.1.	Declaration of Invalidity	10
Section 8.2.	Damage, Injury or Death Resulting from Project	11
Section 8.3.	Damage or Injury to Developer and Others	11
Section 8.4.	No Personal Liability	11
Section 8.5.	City Not Liable for Developer Obligations.....	11
Section 8.6.	Actions or Obligations of Developer	11
Section 8.7.	Environment Covenants	11
Section 8.8.	Notification of Claims.....	12
ARTICLE IX	MISCELLANEOUS PROVISIONS	12
Section 9.1.	Entire Agreement and Amendments	12
Section 9.2.	Third Parties	12
Section 9.3.	Counterparts	13
Section 9.4.	Special and Limited Obligation.....	13
Section 9.5.	Time and Force Majeure	13
Section 9.6.	Waiver	13
Section 9.7.	Cooperation and Further Assurances	13
Section 9.8.	Notices and Communications.....	13
Section 9.9.	Assignment.....	14
Section 9.10.	Successors in Interest	14
Section 9.11.	No Joint Venture, Agency, or Partnership Created.....	14
Section 9.12.	Illinois Law; Venue.....	14
Section 9.13.	Term	14
Section 9.14.	Construction of Agreement.....	15

EXHIBIT LIST

EXHIBIT A	Description of Property
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REDEVELOPMENT AGREEMENT

THIS REDEVELOPMENT AGREEMENT (including any exhibits and attachments hereto, collectively, this “**Agreement**”) is dated for reference purposes only as of March 1, 2015, 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 **HG Dwell, 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 an ordinance (Ordinance No. 8687-45 on December 23, 1986) including as supplemented and amended by certain ordinances (Ordinance No. 9394-101 on May 16, 1994, Ordinance No. 2002-06-064 on June 17, 2002 and Ordinance No. 2005-03-032 on March 21, 2005) (collectively, the “**TIF Ordinances**”); and

WHEREAS, under and pursuant to the TIF Act and the TIF Ordinances, the City designated the Downtown Urbana Tax Increment Redevelopment Project Area Number Two (the “**Redevelopment Project Area**”) and approved a 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:

“Annual Reimbursement Amounts” means the amounts to be reimbursed or paid from the Fund to the Developer by the City under and pursuant to Section 4.1(b) of this Agreement.

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

“Completion 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(a) of this Agreement.

“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)(2) and (3) of the TIF Act, including the acquisition of the Property and the rehabilitation, reconstruction, repair or remodeling of the existing building, 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 acquisition of the Property and the rehabilitation, reconstruction, repair or remodeling of the existing buildings, fixtures and improvements upon the Property to provide space for: (i) an event center with a certified commercial kitchen and (ii) new office space.

“Project Commencement Date” means, July _____ 1, 2015, the date on or before which construction of the Project is to commence.

“Project Completion Date” means, subject to “unavoidable delays” as described in Section 9.5 of this Agreement, May 1 _____, 2016, the date on or before which the Project is

substantially completed as evidenced by the issuance by the City of a certificate of occupancy for the renovated building upon the Property.

“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.

“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 managers. 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;
- (2) The Developer shall have delivered to the City an itemized list of any and all estimated costs to complete the Project (the “**Project Budget**”) in accordance with such final development plans as may be approved by the City;
- (3) The Developer shall have provided evidence, in a commercially reasonable form satisfactory to the City, of its ability to pay for the costs of the Project, as itemized in the Project Budget;
- (4) The Developer shall have delivered to the City a construction schedule for the completion of the Project which shall include the Project Commencement Date and the Project Completion Date; and
- (5) 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**”), including the issuance of all required permits, it being understood that the City in its capacity as a municipal corporation has discretion to approve the issuance of any such permits.

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 Project 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 Completion Reimbursement Amount and the Annual Reimbursement Amounts related to Project at the Property as follows:

(a) **Completion Reimbursement Amount.** Upon the substantial completion of the Project as evidenced by the issuance by the City of a certificate of occupancy for the Project, the City shall pay or reimburse the Developer an amount up to \$150,000.00 of the Eligible Redevelopment Costs for such Completion Reimbursement Amount. Such payment or reimbursement shall be paid at the time and in accordance with Section 6.3 of this Agreement.

(b) **Annual Reimbursement Amounts.** Such Annual Reimbursement Amounts in connection with the Project in any one calendar year shall be equal to eighty percent (80%) of the Incremental Property Taxes derived from the Property which are actually received by the City in each such calendar year subject to the terms and limitations of this Section 4.1(b). For the purpose of calculating the total amount of Incremental Property Taxes for each such calendar year in those calendar years in which the ad valorem real estate taxes for the most previous tax year are paid in full, the total equalized assessed value (the "EAV") of the Property for the most previous tax year shall be reduced by the EAV of the Property as assigned by the Champaign County Clerk for tax year 2014, and the result shall be multiplied by the total tax rate of all applicable taxing districts levying taxes upon the Property for any such applicable tax year. The obligations of the City to reimburse the Developer for any Annual Reimbursement Amounts under this Section 4.1(b) shall commence with the calendar year following the calendar year in which the Project ~~Completion~~ Commencement Date occurs, and shall terminate: (i) upon reimbursement by the City in accordance with Section 6.3(b) of this Agreement not later than December 31, 2022, the date on which any such Annual Reimbursement Amounts in connection with the Project shall become due and payable; or (ii) at any time the Project ceases continuous commercial operation or "goes dark"; or (iii) upon the failure of the Developer to have the Project completed on or before the Project Completion Date.

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 the Project 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 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 Construction; Prevailing Wages. 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 of the State of Illinois (820 ILCS 130/0.01 et seq., the “PW Act”). The Illinois Department of Labor (“IDOL”) has deemed the construction of the Project under this Agreement to be a “public work”, within the meaning of the PW Act, and the Developer assumes the complete risk of compliance with the PW Act. Any agreement of the Developer related to the Project with any contractor or subcontractor 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 during the term of this Agreement, 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, 2040, 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 both the Completion Reimbursement Amount and 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 both the Completion Reimbursement Amount and the 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 both the Completion Reimbursement Amount and the Annual Reimbursement Amounts for the Eligible Redevelopment Project Costs. Payments to the Developer of both the Completion Reimbursement Amount and the 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 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. Each such Requisition shall be submitted to the City by the Developer, if at all, no later than 90 days after the Project Completion Date. In no event shall the City have any obligation to pay or reimburse any amount included in any such Requisition submitted after such 90 days from the Project Completion Date.

Section 6.2. Approval and Resubmission of Requisitions. The City Comptroller shall give the Developer written notice disapproving any Requisition 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) a “Default” under Section 7.1 of this Agreement by the Developer has occurred and is continuing.. If a Requisition is disapproved by the 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) so much of the Completion 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 the Project as provided in Section 4.1(b) of this Agreement, whichever date in clause (i) or clause (ii) is later; and

(b) so much of the Annual Reimbursement Amounts which are 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) December 31 of each of the applicable yearly periods between the calendar after the Project ~~Completion~~Commencement Date and 2022, whichever dates 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 Completion Reimbursement Amount and any Annual 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:
HG Dwell, LLC
2441 Village Green Place
Champaign, IL 61822
Attn: Kyle Harrison
Tel: (217) 714-8016 / Fax: (877) 392-4922
- (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 on December 31, 2022 (the "**term**"), 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. 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: _____

HG DWELL, LLC

By: _____
Kyle Harrison, its Authorized Manager

By: _____
Megan Gillette, its Authorized Manager

Date: _____

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

EXHIBIT A

Description of Property

Tract 1:

Lot 22 of James T. Roe's Third Addition, as per plat recorded in Deed Record "D" at Page 281, in Champaign County, Illinois, EXCEPT the East 11.5 feet thereof, AND EXCEPT the following described tract:

Commencing at a point on the South line of said Lot 22, 20.5 feet West of the East line of said Lot, thence Northeasterly to a point 11.5 feet West of the East line of said Lot, and 15 feet North of the South line of said Lot, thence South to a point on the South line of said Lot, 11.5 West of the East line of said Lot, thence West to the point of beginning, in Champaign County, Illinois.

Tract 2:

The East One-third of Lot 21 of James T. Roe's Third Addition, as per plat recorded in Deed Record "D" at Page 281, in Champaign County, Illinois.

Tract 3:

All that portion of the vacated alley lying between Lots 21 and 22 of James T. Roe's Third Addition, as per plat recorded in Deed Record "D" at Page 281, in Champaign County, Illinois.

Tract 4:

Commencing at the Northeast Corner of Lot 22 of James T. Roe's Third Addition to Urbana, Illinois; thence North along the West right-of-way line of Race Street 12 feet to the Southeast Corner of Lot 7 of said Addition; thence Westerly along the South lines of Lots 7, 8, 9 and 10 of said Addition to the Southwest Corner of said Lot 10; thence South to the Northwest Corner of the East One-third of Lot 21, thence Easterly along the North line of said Lots 21 and 22 to the Northeast Corner of said Lot 22, the point of beginning, EXCEPT the East 11.5 feet of the tract, in Champaign County, Illinois.

Tract 5:

Lot 9, except the North 105 feet thereof, of James T. Roe's Third Addition, as per plat recorded in Deed Record "D" at Page 218, in Champaign County, Illinois; and

The East Half of the vacated alley lying West of and adjacent to Lot 9, except the North 105 feet of said alley, in Champaign County, Illinois.

Commonly known as 202 West Illinois Street

PIN: 92-21-17-213-005