



LAKE COUNTY FOREST PRESERVES

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Preservation, Restoration, Education and Recreation

**DATE:** April 5, 2018  
**MEMO TO:** S. Michael Rummel, Chair  
Finance Committee  
**FROM:** Alex Ty Kovach  
Executive Director

**Agenda Item#** 9.3

**RECOMMENDATION:** Recommend approval of a Resolution approving an Economic Development Incentives and Property Tax Abatement Agreement regarding the Sheridan Crossing Redevelopment with the City of North Chicago, Sheridan Crossing Development JV, LLC, and other governmental agencies.

**STRATEGIC DIRECTION SUPPORTED:** Leadership

**FINANCIAL DATA:** The City of North Chicago (the “City”) owns the 33-acre “Sheridan Crossing” parcel, which is located within the City, a TIF district, and an enterprise zone. The District currently receives no property tax revenue from this site. The City has requested that the District and all other affected taxing districts agree to a long-term property tax abatement for the site, in return for the City agreeing to terminate the Sheridan Crossing TIF. The property tax abatement schedule under the proposed agreement would provide for a partial abatement, so that the taxing districts receive annually at least the following percentages of otherwise payable property taxes:

<u>Collection Year</u>	<u>Minimum % of Property Taxes to be Received by Taxing Districts</u>
• Through Collection Year 2031	10%
• Collection Year 2032	20%
• Collection Year 2033	40%
• Collection Year 2034	60%
• Collection Year 2035	80%
• Collection Year 2036	100%

Assuming that the land is sold to a private developer, a starting EAV of approximately \$13.355 million, an EAV growth rate of 1.5%, and that 2016 rates will continue in the future (0.183408% for the District), in year 2036 the District would collect an estimated \$31,854 in tax revenue.

**BACKGROUND:** Over the past twelve years, the City of North Chicago has worked at redeveloping a 33-acre brownfield site, at the northwest corner of Martin Luther King Drive and

Sheridan Road, known as Sheridan Crossing. The City has a redevelopment agreement with Sheridan Crossing Development JV, LLC (an affiliate of Structured Development) who wishes to acquire and develop the property as a multi-use planned development with a hotel, restaurant, movie theater, retail and other supportive services.

The City has advised the District that, while the current TIF enabled the City to acquire and remediate the property, the limitations of the TIF Act prevent the City from using tax increment to finance vertical, brick and mortar improvements to the site. The City now desires to utilize different incentives available within enterprise zones. Specifically, the City desires to enter into an agreement with the District and other affecting taxing districts, pursuant to which they (including the city) would partially abate property taxes under the enterprise zone provisions of the Illinois Property Tax Code and, in return, the City would “unwind” the existing TIF district. The abated property taxes would accrue directly to the developer/property owner and could be used to incentivize vertical construction (unlike tax increment under the TIF Act).

The attached resolution approving the Agreement stipulates that (i) it “sunsets” if, within one year, all the affected taxing bodies do not approve the agreement and (ii) abatements will be made only after the City unwinds the existing TIF district and a new building has been constructed on the site.

**REVIEW BY OTHERS:** Chief Operations Officer, Director of Finance, Corporate Counsel.

STATE OF ILLINOIS )  
  ) SS  
COUNTY OF LAKE )

**BOARD OF COMMISSIONERS  
LAKE COUNTY FOREST PRESERVE DISTRICT  
REGULAR APRIL MEETING  
APRIL 10, 2018**

**MADAM PRESIDENT AND MEMBERS OF THE BOARD OF COMMISSIONERS:**

Your **FINANCE COMMITTEE** presents herewith "a Resolution approving an Economic Development Incentives and Property Tax Abatement Agreement regarding the Sheridan Crossing Redevelopment," and requests its approval.

**FINANCE COMMITTEE**

Date: 4/5/2018  Roll Call Vote: Ayes: \_\_\_\_\_ Nays: \_\_\_\_\_  
 Voice Vote Majority Ayes; Nays: 0

**LAKE COUNTY FOREST PRESERVE DISTRICT  
LAKE COUNTY, ILLINOIS**

**A RESOLUTION APPROVING AN ECONOMIC DEVELOPMENT  
INCENTIVES AND PROPERTY TAX ABATEMENT AGREEMENT  
REGARDING SHERIDAN CROSSING REDEVELOPMENT**

**WHEREAS**, the City of North Chicago (the “City”) owns a certain approximately 33-acre “brownfield” parcel of land within the City at the northwest corner of Martin Luther King Drive and Sheridan Road and known as Sheridan Crossing (the “Property”); and

**WHEREAS**, the Property is located within (i) an existing redevelopment project area (the “Existing TIF District”) established by the city pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et seq. (the “TIF Act”), to alleviate the blighted conditions of the Property and (ii) an existing enterprise zone, created under the Illinois Enterprise Zone Act, 20 ILCS 655/1 et seq.; and

**WHEREAS**, despite the incentives available for the redevelopment of the Property within the TIF District under the TIF Act, the Property remains vacant; and

**WHEREAS**, the City, to incentivize the redevelopment of the Property, has requested that the Lake County Forest Preserve District (the “District”) and all other affected taxing districts (the “Other Taxing Districts”) enter into an Economic Development Incentives and Property Tax Abatement Agreement, in substantially the form attached hereto, with the City and Sheridan Crossing Development JV, LLC, which is the City’s designated developer of the Property (the “Developer”), pursuant to which (i) the District and the Other Taxing Districts would agree to abate certain property taxes otherwise payable by the owner of the Property, and (ii) the City would agree to terminate the Existing TIF District known as Sheridan Crossing (the “Agreement”); and

**WHEREAS**, the District is authorized to abate certain property taxes pursuant to Section 18-170 of the Property Tax Code, 35 ILCS 200/18-170, and to enter into the Agreement pursuant to such Section, Article VII, Section 10 of the Illinois Constitution, and the Intergovernmental Cooperation Act, 5 ILCS 220/1 et seq.; and

**WHEREAS**, it is in the best interests of the District to approve the Agreement, as provided in this Resolution;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Commissioners of the Lake County Forest Preserve District, Lake County, Illinois THAT:

Section 1. Recitals. The recitals set forth above are incorporated as a part of this Resolution by this reference.

Section 2. Approval of Agreement. The Agreement is hereby approved in substantially the form attached hereto. The District President and Secretary are authorized to execute and attest to the

Agreement in substantially the form attached hereto, but only after all the Other Taxing Districts have approved the Agreement in substantially the form attached hereto.

Section 3. Future Abatement Ordinances. The District's Finance Director is hereby directed to prepare future property tax abatement ordinances in compliance with the Agreement, but only after (i) the City has terminated the Existing TIF District in accordance with the TIF Act and (ii) either new improvements have been constructed or existing improvements have been renovated or rehabilitated on the Property, as provided in Section 18-170 of the Property Tax Code.

Section 4. Effective Date; Repealer. This Resolution shall be in full force and effect from and after its passage and approval in the manner provided by law. However, if, on December 31, 2018, one or more of the Other Taxing Districts has not approved the Agreement in substantially the form attached hereto, then this Resolution will (i) be automatically repealed on such date, without the need for any further act by the District, (ii) be null and void, and (iii) have no further force or effect.

PASSED this \_\_\_\_ day of \_\_\_\_\_, 2018

AYES:

NAYS:

APPROVED this \_\_\_\_ day of \_\_\_\_\_, 2018

\_\_\_\_\_  
Ann B. Maine, President  
Lake County Forest Preserve District

ATTEST:

\_\_\_\_\_  
Julie Gragnani, Secretary  
Lake County Forest Preserve District

Exhibit No. \_\_\_\_\_

**THIS DOCUMENT PREPARED BY  
AND AFTER RECORDING RETURN TO:**

David S. Silverman, Esq.  
Ancel Glink Diamond Bush  
DiCianni & Krafthefer, P.C.  
140 S. Dearborn Street  
Sixth Floor  
Chicago, IL 60603

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Above Space for Recorder's Use Only

**ECONOMIC DEVELOPMENT INCENTIVES AND  
PROPERTY TAX ABATEMENT AGREEMENT**

**BY, BETWEEN, AND AMONG**

**CITY OF NORTH CHICAGO**

**COMMUNITY UNIT SCHOOL DISTRICT 187**

**FOSS PARK DISTRICT**

**COUNTY OF LAKE**

**SHIELDS TOWNSHIP**

**SHIELDS TOWNSHIP ROAD AND BRIDGE DISTRICT**

**COLLEGE OF LAKE COUNTY #532**

**NORTH SHORE WATER RECLAMATION DISTRICT**

**LAKE COUNTY FOREST PRESERVE DISTRICT**

**AND**

**SHERIDAN CROSSING DEVELOPMENT JV LLC**

**(SHERIDAN CROSSING REDEVELOPMENT)**

## ECONOMIC DEVELOPMENT INCENTIVES AND PROPERTY TAX ABATEMENT AGREEMENT

THIS ECONOMIC DEVELOPMENT INCENTIVES AND PROPERTY TAX ABATEMENT AGREEMENT ("**Agreement**") is dated as of \_\_\_\_\_, 2018 (the "**Effective Date**"), by and between the CITY OF NORTH CHICAGO, an Illinois home rule municipal corporation ("**City**"), NORTH CHICAGO COMMUNITY UNIT SCHOOL DISTRICT 187, an Illinois school district, FOSS PARK DISTRICT, an Illinois park district, COUNTY OF LAKE, an Illinois county, SHIELDS TOWNSHIP, an Illinois township, SHIELDS TOWNSHIP ROAD AND BRIDGE DISTRICT, an Illinois township road and bridge district, COLLEGE OF LAKE COUNTY #532, an Illinois community college district, NORTH SHORE WATER RECLAMATION DISTRICT, an Illinois special district, and LAKE COUNTY FOREST PRESERVE DISTRICT, an Illinois forest preserve district (collectively with the City, the "**Governments**"), and SHERIDAN CROSSING DEVELOPMENT JV, LLC, a Delaware limited liability company ("**Developer**"). The Governments are sometimes referred to herein individually as the "**Government**" and the Governments and Developer are sometimes referred to herein collectively as the "**Parties**".

IN CONSIDERATION OF the recitals and the mutual covenants and agreements set forth in this Agreement, other good and valuable consideration, the receipt and sufficiency of which are acknowledged, and pursuant to the intergovernmental cooperation provisions in Section 10 of Article VII of the 1970 Illinois Constitution, The Intergovernmental Cooperation Act, 5 ILCS 220/1 *et seq.*, and Section 18-170 of the Illinois Property Tax Code, 35 ILCS 200/18-170, the Parties agree as follows:

### Section 1. RECITALS.

A. The City is the current owner of the Property. The Property is zoned in the City's B2-General Business and URO-Urban Redevelopment Overlay zoning districts. The Property is currently located within the City's North Chicago TIF #2 District ("**TIF District**") and within the Waukegan/North Chicago Enterprise Zone ("**Enterprise Zone**").

B. The City and Developer entered into that certain Redevelopment Agreement ("**RDA**"), approved by the City's Corporate Authorities on October 12, 2015 pursuant to Ordinance No. 2015-26. The RDA establishes the framework for the conveyance of the Property to the Developer and its redevelopment into a dynamic retail, entertainment, and cultural mixed use project. The RDA was recorded in the Office of the Lake County Recorder on July 26, 2016 as Document No. 7312751. The RDA was subsequently amended to extend the Developer's "Investigation Period" on three separate occasions.

C. The first amendment to the RDA was adopted by the City Council on May 16, 2016, and extended the Investigation Period one year to May 31, 2017 ("**First Amendment**"), and which First Amendment was recorded in the Office of the Lake County Recorder on July 26, 2016 as Document No. 7312752. The First Amendment provided more time for the Developer to address various environmental and site

development issues, as well as give the City more time to address various title issues, which included successfully working with the Illinois General Assembly to adopt legislation in the 2016 Fall Veto Session deeding certain land owned by the Illinois Department of Transportation to the City. In addition, the City used this time to work on and finalize details with the United States Navy for the location of the National Museum of the American Sailor on the Property.

D. The second amendment to the RDA was adopted by the City Council on May 15, 2017, and extended the Investigation Period 90-days to August 31, 2017 ("**Second Amendment**"), and which Second Amendment was recorded in the Office of the Lake County Recorder on June 26, 2017 as Document No. 7397860. The Second Amendment became necessary as a result of the Developer's and City's consultants, staff, and elected officials determining that there are not enough TIF eligible redevelopment costs that would make the redevelopment of the Property economically feasible. This situation requires a different approach that will (1) terminate the TIF District and (2) replace the TIF District with a negotiated property tax abatement program with the Governments.

E. The third amendment to the RDA was adopted by the City Council on September 5, 2017, and extended the Investigation Period to December 31, 2018 with discretionary 60-day extensions, subject to certain conditions ("**Third Amendment**"), and which Third Amendment was recorded in the Office of the Lake County Recorder on September 21, 2017 as Document No. 7429457. The Third Amendment became necessary as a result of the Developer's and City's consultants, staff, and elected officials working to establish a property tax abatement program, pursuant to the provisions of the Enterprise Zone and in coordination with the Governments, as well as the Developer's ongoing leasing and development activities.

F. The City and Developer discussed and negotiated with the other Governments, explaining the necessity for the property tax abatement program and the tremendous economic development opportunities that the redevelopment of the Property holds for all Governments and their constituencies.

G. The Governments, after due and careful consideration, desire to encourage the Developer's redevelopment of the Property that will serve as a catalytic development that expands investment in the local economy, thereby increasing revenues for the Governments through new development, increased property valuations, increased employment, and stabilizes the local economy, and otherwise will be in the best interests of the region by furthering the health, safety, and welfare of the region's residents and taxpayers.

H. This Agreement has been submitted to each Governments' corporate authorities for review and consideration and the Governments have taken all actions required by law prior to the execution of this Agreement in order to make the same binding upon each Government.

I. This Agreement has been submitted to the Developer for review and consideration and the Developer has undertaken all actions required by law prior to the execution of this Agreement in order to make the same binding upon the Developer.



J. The Parties acknowledge that their respective obligations hereunder to perform pursuant to this Agreement are absolute and unconditional, except where specifically provided to the contrary herein.

**Section 2. DEFINITIONS.**

A. Definitions. Whenever used in this Agreement, the following terms will have the following meanings unless a different meaning is required by the context:

**"City Incentives"**: the rebate, as provided in this Agreement, of the City's home rule Hotel Operators' Occupation Tax, levied pursuant to its taxation authority under Section 6 of Article VII of the 1970 Illinois Constitution, and Home Rule Retailers' Occupation Tax and Home Rule Service Occupation Tax, levied pursuant to Section 8-11-1 and 8-11-5 of the Illinois Municipal Code, 65 ILCS 5/8-11-1; 8-11-5, provided by the City to the Developer to facilitate the redevelopment of the Property.

**"Property"**: the certain approximately 31.1 acre parcel of real property located at the northwest quadrant of quadrant of Martin Luther King Jr. Boulevard and Sheridan Road and legally described in **Exhibit A**.

**"Property Tax Abatement"**: the property tax abatement program provided by the Governments pursuant to and in accordance with this Agreement and the provisions of Section 18-170 of the Illinois Property Tax Code, 35 ILCS 200/18-170, for the benefit of the Developer to facilitate the redevelopment of the Property.

**"Real Property Taxes"**: those taxes levied by the Governments against the Property and collected pursuant to and in accordance with the Illinois Property Tax Code, 35 ILCS 200/1-1 *et seq.*

B. Rules of Construction.

1. Grammatical Usage and Construction. In construing this Agreement, pronouns include all genders, and the plural includes the singular and vice versa.
2. Headings. The headings, titles, and captions in this Agreement have been inserted only for convenience and in no way define, limit, extend, or describe the scope or intent of this Agreement.
3. Calendar Days. Unless otherwise provided in this Agreement, any reference in this Agreement to "day" or "days" will mean calendar days and not business days. If the date for giving of any notice required to be given, or the performance of any obligation, under this Agreement falls on a Saturday, Sunday, or federal holiday, then the notice or obligation may be given or performed on the next business day after that Saturday, Sunday, or federal holidays.

**Section 3. TERMINATION OF TIF DISTRICT.**

The City will promptly begin the process to terminate the TIF District pursuant to the requirements of the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq.*, after this Agreement is recorded in the Office of the Lake County Recorder; provided, however, that any termination of the TIF District will not be effective unless and until (i) the Illinois Department of Commerce and Economic Opportunity certifies any necessary amendments to Ordinance No, 2005-1048, as amended, approved and adopted by the City Council on December 27, 2005, and (ii) the City has conveyed the Property to the Developer pursuant to the RDA, as amended, and as may be further amended from time to time prior to such conveyance.

**Section 4. GOVERNMENTS' PROPERTY TAX ABATEMENT; CITY RETAIL AND SERVICE OCCUPATION TAX AND HOTEL ROOM TAX REBATE.**

A. Each Government will cause to be adopted and filed with the Lake County Clerk, by not later than January 31 each year, an ordinance providing a Property Tax Abatement of the improvement portion of their individual Real Property Tax levy against the Property only pursuant to the following conditions through the year 2031<sup>1</sup>, and stepped down Property Tax Abatement for Real Property Taxes levied against the Property after 2030 according to the following schedule:

<b>Real Property Tax Collection Year</b>	<b>Property Tax Abatement Percentage</b>
2032	80%
2033	60%
2034	40%
2035	20%
2036 and after	0%

The actual percentage of the Property Tax Abatement applied to the improvements portion of the Property will be adjusted through the year 2031 so that the total taxes abated will equal the lesser of (i) a 90% Property Tax Abatement (and provided that such calculation of Property Tax Abatement shall include 100% of the equalized assessed value of the land that shall remain taxable at all times) or (ii) 100% of the equalized assessed value of the improvement.<sup>2</sup> Additionally, the actual percentage of Property Tax Abatement applied to the improvements portion of the Property shall be adjusted for the 2032 through 2035 tax years such that the total taxes abated including the land shall equal the applicable Property Tax Abatement Percentage reflected in the table above in this Subsection 4.A. An example of the calculation of the Property Tax Abatement program is in **Exhibit B**. The Real Property Tax projections are more particularly described and detailed in the Real Property Tax Projections table attached

<sup>1</sup> The year 2031 represents the payment of Real Property Taxes collected for the 2030 Real Property Tax levy, as a result of Illinois' one year in arrears property tax collection system. The step down period begins for Real Property Taxes levied in 2031 and paid in 2032 and continuing through Real Property Taxes levied in 2034 and collected in 2035.

<sup>2</sup> At all times the land will be assessed and taxed accordingly: for purposes of calculating the Property Tax Abatement, the total tax revenue generated by the land will be added to the total tax revenue generated by the improvement prior to determining how much of the improvement assessed value is to be abated.

as **Exhibit C**. The Governments will be under no obligations for any reason whatsoever to supplement the Property Tax Abatement.

B. In addition to the Property Tax Abatement provided in Subsection 4.A of this Agreement the City will provide the City Incentives, when such taxes become available each year, to the Developer in an amount equal to: (i) the Real Property Taxes collected each year through 2031, and (ii) no more than the unabated amount of the Real Property Taxes which would have been extended against the Property were it not for this Agreement for each year between 2032 and 2035 (alternatively, the "**City Incentives Limit**")<sup>3</sup>; provided, however, that in the event the total amount of City Incentives revenues in any given (calendar/fiscal) year up to and including 2035 do not equal the City Incentives Limit, the City will be under no obligation whatsoever to make up any such shortfall.<sup>4</sup> Furthermore, any shortfall of City Incentives revenues will not be carried over to the following year. The City Incentives revenues projections are more particularly described and detailed on the tables, respectively, in **Exhibit D**. In no event will (i) the City Incentive extend past the 2035 Real Property Tax collection year and (ii) exceed the Real Property Taxes paid by the Developer and each developer and end user of individual parcels on the Property.

C. Developer Records, Confidentiality, and Disclosure.

1. The Developer will maintain, and will require each developer and end user of individual parcels on the Property (collectively "**Incentives Beneficiaries**"), during the term of this Agreement and for a period of not less than three years following the expiration of this Agreement, each of the following:

- a. Adequate books, records and supporting documents to verify the amount of real property and other taxes paid.
- b. Any other books, records and documents necessary to maintain a complete verification of Company's obligations.

This Agreement and all books, records and supporting documents related to this Agreement ("**Records**") will be available for review, inspection and audit, upon reasonable notice, and during normal business hours, by officials and authorized agents of the Governments at the Chicago office of the Developer. The Incentives Beneficiaries will cooperate with any audit conducted by any Government, and to provide full access to all relevant materials without charge. Failure to maintain the Records required by this Subsection 4.C will establish a presumption in favor of the Governments for recovery of any property taxes

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<sup>3</sup> The City Incentives are intended to represent an amount equal to the unabated Real Property Taxes. For example, if the full Real Property Taxes for the Property in 2020 are \$25,000, the actual tax bill after abatements and the maximum value of the City Incentives will be \$2,500; if the Real Property Taxes for the Property in 2033 are \$25,000, the actual tax bill after abatements will be \$15,000, but the maximum value of the City Incentives would still equal \$2,500, or 10% of the actual tax bill before abatements.

<sup>4</sup> For example, if the total Real Property Taxes which would have been extended in 2034 without this Agreement (for Real Property Taxes levied in 2033) equal \$25,000, the City will only be required to rebate \$2,500 of the total amount of City Incentives. In addition, if the amount of City Incentives collected in 2034 equal \$1,500, the City will be required to only rebate the Developer this \$1,500 and nothing more.

abated by the Governments under this Agreement for which adequate books, records and supporting documentation are not available to support the abatement.

2. The Governments agree that the Records are confidential information and (i) will not be disclosed to any person outside of the Governments' organizations, unless such disclosure is made pursuant to the lawful requirement of a court or other government agency, and may only be disclosed within Governments' organizations on a "need-to-know" basis; (ii) will be treated with the same degree of care as similar information of the Governments is treated within the Governments' organizations; (iii) will not be used for the benefit of a third party; and (iv) will remain the property of the Incentives Beneficiaries, unless such information is material to any legislative decision by the Governments' to provide economic incentives to the Incentives Beneficiaries, in which case it will be the property of both the City and Incentive Beneficiaries and become a part of the legislative record maintained by the Governments' offices. The Governments will promptly return all materials, not otherwise material to a legislative decision to provide economic incentives, containing confidential information, and any copies at the Incentives Beneficiaries' written request after termination of this Agreement, except that the Governments' attorneys may retain an archival copy indefinitely in a secure place.

3. Notwithstanding anything to the contrary in this Agreement, this Agreement and any confidential information delivered to the Governments by any Incentives Beneficiary may be subject to a valid request made under the Illinois Freedom of Information Act, 5 ILCS 140/1 *et seq.* ("**FOIA**"), and any interpretation and binding decision of this Act by the Illinois Public Access Counselor or a decision by an Illinois circuit or appellate court. The Governments will promptly notify the relevant Incentives Beneficiaries of a FOIA request or an appeal to the Illinois Public Access Counselor or the commencement of any legal action in regard to any such FOIA request and will promptly notify the relevant Incentives Beneficiaries if the City believes that a disclosure is required under FOIA. The relevant Incentives Beneficiaries will respond within the required FOIA timeframe if it desires to object to the release of any Records and to take such action as the Incentives Beneficiary deems necessary in order to protect against the release of any confidential information. However, the relevant Governments may, in their sole and absolute discretion, decide not to expend any funds to respond to such an appeal or lawsuit and to release the requested confidential information and, in that case, if the Incentives Beneficiary decides to object to the appeal or lawsuit, the relevant Incentives Beneficiaries will be solely responsible for defending the appeal or lawsuit and for any penalty, costs and attorneys fees which may be awarded. In the event that any Government decides to release Records containing confidential information in response to a FOIA request, such release will not be deemed a violation of the terms of this Agreement.

4. Notwithstanding anything to the contrary in this Agreement, the terms of this Agreement and any oral transmission of Records containing confidential information in the context of a Government meeting is subject to the rules of the Illinois Open Meetings Act, 5 ILCS 120/1 *et seq.*

D. At all times, the Incentives Beneficiaries, will ensure that Real Property Taxes, the City's home rule Hotel Operators' Occupation Tax, and Home Rule Retailers' Occupation Tax and Home Rule Service Occupation Tax, as well as any other applicable taxes for uses and activities on the Property, are fully paid and current. In addition, the Incentives Beneficiaries agree not to challenge the equalized assessed valuation of the Property or any Real Property Taxes levied against the Property based on any such equalized assessed valuation during the term of this Agreement; provided, however, that in the event the increase in the annual equalized assessed valuation exceeds 5% after the subject improvement construction has been fully completed, and after it has been assessed initially after completion, any Incentives Beneficiary may, at its sole cost and expense, challenge any such increase. Further, the Incentives Beneficiary may challenge the initial equalized assessed valuation of the land determined by the Shields Township Assessor if such assessment is determined to be demonstrably excessive based on a sales comparison approach to value, or if such assessment is not uniform with other vacant land.<sup>5</sup>

E. The Incentives Beneficiaries will be entitled to only the Property Tax Abatement program and City Incentives specifically identified in this Agreement. No provision of this Agreement will be interpreted, under any circumstance, to be a general obligation of the City or other Governments and creates no lien against any other money in the custody or control of the City or other Governments.

**Section 5. INDEMNITY.**

A. Government Actions. The Developer acknowledges and agrees that the Governments are not, and will not be, in any way liable for any challenges by a third party in law or in equity, or damages resulting from any such challenges of monies reimbursed to the Developer under this Agreement, that may be sustained as the result of the Governments' preparation, review, approval, and execution of, and performance under this Agreement provided that the Governments fulfilled any and all such administrative and other requirements necessary to authorize the Governments to enter into this Agreement, and that the Governments' preparation, review, approval, and execution, and performance will not, in any way, be deemed to insure the Developer, or any of its heirs, successors, assigns, tenants, invitees, lessees, and licensees, or any other person, against any such challenges, or damages resulting from any such challenges, of any kind at any time.

B. Government Procedure. Each Government, individually, acknowledges and agrees that notices, meetings, and hearings have been properly given and held with respect to the preparation, review, approval, and execution of this Agreement.

C. Indemnity. Provided the Governments are in compliance with Section 5(B) above, the Developer agrees to, and does hereby, hold harmless and indemnify the Governments, and their individual commissions, boards, public bodies, and all elected or appointed officials, officers, employees, agents, representatives, engineers, and attorneys (collectively, "**Indemnitees**"), from any and all claims that may be asserted at

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<sup>5</sup> Uniformity of assessment has been established under the Illinois Constitution's Uniformity Clause (ILL. CONST. Art. IX, § 4 (a)(b)) and pursuant to the Court's decision under Walsh v. Property Tax Appeal Board, 181 Ill.2d 228, 692 N.E.2d 260, 1998.

any time against any of them by a third party in connection with (i) the Governments' preparation, review, approval, and execution of this Agreement; and (ii) the Governments' performance under this Agreement.

D. Defense Expense; Damages. Provided the Governments are in compliance with Section 5(B) above, the Developer will, and does hereby agree to, pay all expenses, including without limitation legal fees and administrative expenses of the Governments and Indemnitees, and any damages resulting from any challenges by a third party, in law or in equity, to the Governments' preparation, review, approval, and execution of, and performance under this Agreement, as well as any such expenses incurred by any Government in defending itself with regard to any and all of the claims referenced in this Section 6.

**Section 6. ENFORCEMENT; TERM.**

A. The Parties to this Agreement may, in law or in equity, by suit, action, mandamus, or any other proceeding, including without limitation specific performance, enforce or compel the performance of this Agreement; provided, however, that the Developer agrees that it will not seek, and does not have the right to seek, to recover a judgment for monetary damages against the Governments, or any of their respective elected or appointed officials, officers, employees, agents, representatives, engineers, or attorneys, on account of the negotiation, execution, or breach of this Agreement. In addition to every other remedy permitted by law for the enforcement of the terms of this Agreement, the City shall be entitled to withhold the issuance of building permits or certificates of occupancy for any and all buildings and structures within the Property at any time when the Developer has failed or refused to meet fully any of its obligations under this Agreement. In the event of a judicial proceeding brought by one party to this Agreement against the other party to this Agreement pursuant to this Section 7.A, the prevailing party shall be entitled to reimbursement from the unsuccessful party of all costs and expenses, including without limitation reasonable attorneys' fees, incurred in connection with the judicial proceeding.

B. This Agreement will be in full force and effect from and after the Effective Date until 12:01AM on January 1, 2036, after which this Agreement will terminate without any further action of the Parties and be of no further force and effect or be binding upon the Parties.

**Section 7. NATURE, SURVIVAL, AND TRANSFER OF INCENTIVES.**

The Property Tax Abatement and City Incentives provided by this Agreement are valuable public contributions to facilitate the redevelopment of the Property. The terms to provide the Property Tax Abatement and City Incentives will be binding on the Developer personally, on any and all of the Developer's heirs, successors, and assigns, and on any and all of the respective successor legal or beneficial owners of all or any portion of the Property. To assure that the Developer's heirs, successors, and assigns, and successor owners of all or any portion of the Property have notice of this Agreement and the obligations created by it, the Developer will:

1. Deposit with the Director of Economic and Community Development, contemporaneously with the City's approval of this Agreement, any consents or other documents necessary to

authorize the City to record this Agreement in the Lake County Recorder's Office; and

2. Notify the City in writing at least 30 days prior to any date the Developer intends to transfers a legal or beneficial interest in any portion of the Property to any person not a party to this Agreement; and
3. Incorporate, by reference, this Agreement into any and all real estate sales contracts entered into for the sale of all or any portion of the Property to any person not a party to this Agreement; and
4. Require, prior to the transfer of all or any portion of the Property, or any legal or equitable interest in the Property to any person not a party to this Agreement, the transferee to execute an enforceable written agreement, in substantially the form attached to this Agreement as **Exhibit E**, agreeing to be bound by this Agreement ("**Transferee Assumption Agreement**").

**Section 8. GENERAL PROVISIONS.**

A. **Notice.** Any notice or communication required or permitted to be given under this Agreement shall be in writing and shall be delivered (i) personally, (ii) by a reputable overnight courier, (iii) by certified mail, return receipt requested, and deposited in the U.S. Mail, postage prepaid, (iv) by facsimile, or (v) by electronic internet mail ("**e-mail**"). Facsimile notices shall be deemed valid only to the extent that they are (a) actually received by the individual to whom addressed and (b) followed by delivery of actual notice in the manner described in either (i), (ii), or (iii) above within three business days thereafter at the appropriate address set forth below. E-mail notices shall be deemed valid only to the extent that they are (a) opened by the recipient on a business day at the address set forth below, and (b) followed by delivery of actual notice in the manner described in either (i), (ii), or (iii) above within three business days thereafter at the appropriate address set forth below. Unless otherwise provided in this Agreement, notices shall be deemed received after the first to occur of (a) the date of actual receipt; or (b) the date that is one (1) business day after deposit with an overnight courier as evidenced by a receipt of deposit; or (b) the date that is three (3) business days after deposit in the U.S. mail, as evidenced by a return receipt. By notice complying with the requirements of this Section 9.A, each party to this Agreement shall have the right to change the address or the addressee, or both, for all future notices and communications to them, but no notice of a change of addressee or address shall be effective until actually received.

**EXECUTION COPY**

Notices and communications to the Developer shall be addressed to, and delivered at, the following address:

Structured Development, LLC  
211 N. Clinton Suite 3S  
Chicago, IL 60661  
ATTN: Mr. Daniel Lukas  
Fax: 312-928-0728  
Email: dlukas@strdev.com

With a copy to:

Thompson Coburn LLP  
55 E. Monroe, 37<sup>th</sup> Floor  
Chicago, IL 60603  
ATTN: Anita B. Mauro, Esq.  
Fax: 312-580-2201  
Email: amauro@thompsoncoburn.com

Notices and communications to the City shall be addressed to, and delivered at, the following address:

The City of North Chicago  
1850 Lewis Avenue  
North Chicago, IL 60064  
ATTN: Director of Economic and Community Development  
Fax: 847-596-8669  
Email: vicbar@northchicago.org

With a copy to:

Ancel, Glink *et. al.*  
140 S. Dearborn St., 6<sup>th</sup> Floor  
Chicago, IL 60603  
ATTN: David S. Silverman  
Fax: 312-782-0943  
Email: dsilverman@ancelglink.com

Notices and communications to the Community Unit School District 187 shall be addressed to, and delivered at, the following address:

Community Unit School District 187  
2000 Lewis Avenue  
North Chicago, IL 60064  
ATTN: Superintendent  
Fax: 847-689-0270



Email: \_\_\_\_\_

With a copy to:

Hodges Loizzi *et. al.*  
3030 Salt Creek Lane, Suite 202  
Arlington Heights, IL 60005  
ATTN: Dean W. Krone  
Fax: 847-670-7334  
Email: dkrone@hlerk.com

Notices and communications to the Foss Park District shall be addressed to, and delivered at, the following address:

Foss Park District  
1730 Lewis Avenue  
North Chicago, IL 60064  
ATTN: Executive Director  
Fax: 847-689-0270  
Email: \_\_\_\_\_

With a copy to:

Ancel, Glink *et. al.*  
175 E. Hawthorn Parkway, Suite 145  
Vernon Hills, IL 60061  
ATTN: Scott A. Puma  
Fax: 847-247-7405  
Email: spuma@ancelglink.com

Notices and communications to the County of Lake shall be addressed to, and delivered at, the following address:

County of Lake  
18 N. County Street  
Waukegan, IL 60085  
ATTN: County Administrator  
Fax: \_\_\_\_\_  
Email: \_\_\_\_\_@lakecountyil.gov

With a copy to:

Lake County State's Attorney Office  
18 N. County Street  
Waukegan, IL 60085  
ATTN: State's Attorney  
Fax: \_\_\_\_\_

Email: \_\_\_\_\_@lakecountyil.gov

Notices and communications to the Shields Township shall be addressed to, and delivered at, the following address:

Shields Township  
906 W. Muir Ave.  
Lake Bluff, IL 60044  
ATTN: Supervisor  
Fax: 847-234-0721  
Email: T.Darraugh@shieldstowship.com

With a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
ATTN: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: \_\_\_\_\_

Notices and communications to the Shields Township Road and Bridge District shall be addressed to, and delivered at, the following address:

Shields Township Road and Bridge District  
906 W. Muir Ave.  
Lake Bluff, IL 60044  
ATTN: Highway Commissioner  
Fax: 847-234-0721  
Email: svanderson@shieldstowship.com

With a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
ATTN: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: \_\_\_\_\_

Notices and communications to the College of Lake County #532 shall be addressed to, and delivered at, the following address:

College of Lake County #532  
19351 W. Washington Street  
Grayslake, IL 60030  
ATTN: Vice President Administrative Affairs  
Fax: \_\_\_\_\_  
Email: kgotsch@clcillinois.edu

With a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
ATTN: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: \_\_\_\_\_

Notices and communications to the North Shore Reclamation District shall be addressed to, and delivered at, the following address:

North Shore Water Reclamation District  
14770 W. Wm. Koepsel Drive  
Gurnee, IL 60031  
ATTN: Supervisor of Administrative Services  
Fax: 847-623-3205  
Email: ketate@northshorewrd.org

With a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
ATTN: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: \_\_\_\_\_

Notices and communications to the Lake County Forest Preserve District shall be addressed to, and delivered at, the following address:

Lake County Forest Preserve District  
1899 West Winchester Road  
Libertyville, IL 60048  
ATTN: Executive Director  
Fax: 847-367-6649  
Email: \_\_\_\_\_

With a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
ATTN: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: \_\_\_\_\_

B. Time of the Essence. Time is of the essence in the performance of this Agreement.

C. Rights Cumulative. Unless expressly provided to the contrary in this Agreement, each and every one of the rights, remedies, and benefits provided by this Agreement shall be cumulative and shall not be exclusive of any other rights, remedies, and benefits allowed by law.

D. Non-Waiver. The Governments will be under no obligation to exercise any of the rights granted to it in this Agreement. The failure of any Government to exercise at any time any right granted to it will not be deemed or construed to be a waiver of that right, nor will the failure void or affect any Government's right to enforce that right or any other right.

E. Governing Law; Venue. This Agreement shall be governed by, and enforced in accordance with, the internal laws, but not the conflicts of laws rules, of the State of Illinois. The circuit court venue over all disputes involving this Agreement will be in Lake County, Illinois, and the Parties will waive any right to jury trial.

F. Severability. It is hereby expressed to be the intent of the Parties that should any provision, covenant, agreement, or portion of this Agreement or its application to any Person or property be held invalid by a court of competent jurisdiction, the remaining provisions of this Agreement and the validity, enforceability, and application to any Person or property shall not be impaired thereby, but the remaining provisions shall be interpreted, applied, and enforced so as to achieve, as near as may be, the purpose and intent of this Agreement to the greatest extent permitted by applicable law.

G. Entire Agreement. This Agreement constitutes the entire agreement between the parties and supercedes any and all prior agreements and negotiations between the parties, whether written or oral, relating to the subject matter of this Agreement.

H. Interpretation. This Agreement shall be construed without regard to the identity of the party who drafted the various provisions of this Agreement. Moreover, each and every provision of this Agreement shall be construed as though all parties to this Agreement participated equally in the drafting of this Agreement. As a result of the foregoing, any rule of construction that a document is to be construed against the drafting party shall not be applicable to this Agreement.

I. Amendments and Modifications. No amendment or modification to this Agreement shall be effective until it is reduced to writing and approved and executed by all parties to this Agreement in accordance with all applicable statutory procedures.

J. Authority to Execute. The Governments hereby warrant and represents to the Developer that the persons executing this Agreement on their behalf have been properly authorized to do so by their Corporate Authorities. The Developer hereby warrants and represents to Governments (i) that it has the full and complete right, power, and authority to enter into this Agreement and to agree to the terms, provisions, and conditions set forth in this Agreement and to itself as set forth in this Agreement, (ii) that all legal actions needed to authorize the execution, delivery, and performance of this Agreement have been taken, and (iii) that neither the execution of this Agreement nor the performance of the obligations assumed by the Developer will (a) result in a breach or default under any agreement to which the Developer is a party or to which it or

the Property is bound or (b) violate any statute, law, restriction, court order, or agreement to which the Developer or the Property are subject.

K. No Third Party Beneficiaries. No claim as a third party beneficiary under this Agreement by any Person shall be made, or be valid, against any Government or the Developer.

L. Exhibits. Exhibits A through E attached to this Agreement are, by this reference, incorporated in, and made a part of this Agreement. In the event of a conflict between an exhibit and the text of this Agreement, the text of this Agreement shall control.

M. Counterparts. This Agreement may be executed in counterpart, each of which shall constitute an original document, which together shall constitute one and the same instrument.

**IN WITNESS WHEREOF**, the parties hereto have caused this instrument to be executed on the date first above written.

**ATTEST:**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**ATTEST:**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**ATTEST:**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**ATTEST:**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**ATTEST:**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**ATTEST:**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**SHERIDAN CROSSING  
DEVELOPMENT JV LLC**, an Illinois  
limited liability company

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**CITY OF NORTH CHICAGO**, an  
Illinois home rule municipal  
corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**COMMUNITY UNIT SCHOOL  
DISTRICT 187**, an Illinois school  
district

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**FOSS PARK DISTRICT**, an Illinois  
park district

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**COUNTY OF LAKE**, an Illinois  
county

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**SHIELDS TOWNSHIP**, an Illinois  
township

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXECUTION COPY**

**ATTEST:**

**SHIELDS TOWNSHIP ROAD AND  
BRIDGE DISTRICT, an Illinois  
township road and bridge district**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**ATTEST:**

**COLLEGE OF LAKE COUNTY  
#532, an Illinois community college  
district**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**ATTEST:**

**NORTH SHORE WATER  
RECLAMATION DISTRICT, an  
Illinois special district**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**ATTEST:**

**LAKE COUNTY FOREST  
PRESERVE DISTRICT, an Illinois  
forest preserve district**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXHIBIT A**  
Property Legal Description

PART OF THE NORTH WEST QUARTER OF SECTION 4, TOWNSHIP 44 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF LOT 1 IN THE POLEN FAMILY SUBDIVISION; THENCE ON AN ASSUMED BEARING NORTH 60 DEGREES 34 MINUTES 57 SECONDS EAST, ALONG THE SOUTHERLY LINE OF FORMER RAILROAD RIGHT-OF-WAY, 2040.13 FEET TO THE INTERSECTION OF SAID SOUTHERLY LINE OF FORMER RAILROAD RIGHT-OF-WAY WITH THE WEST LINE OF SHERIDAN ROAD; THENCE SOUTH 22 DEGREES 42 MINUTES 02 SECONDS WEST, ALONG SAID WEST LINE OF SHERIDAN ROAD, 1412.29 FEET; THENCE CONTINUING ALONG SAID WEST LINE OF SHERIDAN ROAD, SOUTH 25 DEGREES 22 MINUTES 53 SECONDS WEST, 539.30 FEET TO ITS INTERSECTION WITH THE NORTH LINE OF MARTIN LUTHER KING JR. DRIVE AS DEDICATED PER DOCUMENTED 6751828; THENCE SOUTH 87 DEGREES 09 MINUTES 51 SECONDS WEST, ALONG SAID NORTH LINE OF MARTIN LUTHER KING JR. DRIVE, 403.46 FEET; THENCE CONTINUING ALONG SAID NORTH LINE OF MARTIN LUTHER KING JR. DRIVE SOUTH 89 DEGREES 17 MINUTES 13 SECONDS WEST, 353.17 FEET TO ITS INTERSECTION WITH THE SOUTHWEST CORNER OF SAID LOT 1 IN THE POLEN FAMILY SUBDIVISION; THENCE ALONG THE WESTERLY LINE OF SAID LOT 1 IN THE POLEN FAMILY SUBDIVISION FOR THE NEXT SEVEN CALLS, NORTHWESTERLY ALONG A NON-TANGENTIAL CURVE TO THE RIGHT WITH A RADIUS OF 98.00 FEET AND AN ARC LENGTH OF 88.60 FEET; THENCE NORTH 00 DEGREES 27 MINUTES 36 SECONDS EAST, 520.67 FEET; THENCE ALONG A CURVE TO THE LEFT WITH A RADIUS OF 82.00 FEET AND AN ARC LENGTH OF 63.57 FEET; THENCE NORTH 43 DEGREES 57 MINUTES 31 SECONDS WEST, 157.62 FEET; THENCE ALONG A CURVE TO THE LEFT WITH A RADIUS OF 82.00 FEET AND AN ARC LENGTH OF 30.93 FEET; THENCE NORTH 65 DEGREES 34 MINUTES 20 SECONDS WEST, 50.00 FEET; THENCE ALONG A CURVE TO THE RIGHT WITH A RADIUS OF 70.89 FEET AND AN ARC LENGTH OF 10.47 FEET TO THE POINT OF BEGINNING, IN LAKE COUNTY, ILLINOIS.



**EXHIBIT B**  
Example Property Tax Abatement Calculation

## Exhibit B - Sample Calculations

### Scenario 1

(A) Equalized Assessed Value Attributed to Land	\$ 499,950
(B) Equalized Assessed Value Attributed to Improvement	\$ 7,000,050
(C) Total Equalized Assessed Value of Subject Property ((A) + (B))	\$ 7,500,000
(D) Abatement %	90.0%
(E) Total EAV Available for Abatement ((C) x (D))	\$ 6,750,000
(F1) Maximum Tax Abatement: If (E) ≤ (B), Total EAV to be Abated Shall Equal (E):	\$ 6,750,000
(F2) Maximum Tax Abatement: If (E) > (B), Total EAV to be Abated Shall Equal (B):	NA

Since (F1), then:

(G) Unabated Equalized Assessed Value Attributed to Improvement ((B)-(F1))	\$ 250,050
(H) Total Unabated Equalized Assessed Value (including Land)((A)+(G))	\$ 750,000
(I) Tax Rate	17.2%
(J) Total Real Property Taxes on Unabated EAV	\$ 129,000.00
(K) <i>Amount of City Incentives rebated to Developer equals the lesser of (J) or City Incentives available.</i>	

### Scenario 2

(A) Equalized Assessed Value Attributed to Land	\$ 499,950
(B) Equalized Assessed Value Attributed to Improvement	\$ 3,900,050
(C) Total Equalized Assessed Value of Subject Property ((A) + (B))	\$ 4,400,000
(D) Abatement %	90.0%
(E) Total EAV Available for Abatement ((C) x (D))	\$ 3,960,000
(F1) Maximum Tax Abatement: If (E) ≤ (B), Total EAV to be Abated Shall Equal (E):	NA
(F2) Maximum Tax Abatement: If (E) > (B), Total EAV to be Abated Shall Equal (B):	\$ 3,900,050

Since (F2), then:

(G) Total Unabated Equalized Assessed Value (Land Only)	\$ 499,950
(H) Tax Rate	17.2%
(I) Total Real Property Taxes on Unabated EAV	\$ 85,991.40
(J) <i>Amount of City Incentives rebated to Developer equals the lesser of (I) or City Incentives available.</i>	

**EXHIBIT C**  
Property Tax Projections Table

**EQUALIZED ASSESSED VALUE (EAV) OF REDEVELOPMENT AREA**  
 Current EAV (TY2016)<sup>1</sup> \$ 17,247,587  
 Growth Rate<sup>4</sup> 1.5%  
 % Revenue Collected 98%

Year	% Complete	Tax Year	Collection Year
Year 1	20.0%	2020	2021
Year 2	60.0%	2021	2022
Year 3	20.0%	2022	2023
	100.0%		

**DEVELOPMENT SUMMARY<sup>2</sup>**

Use	Square Feet <sup>3</sup>	Description	Projected EAV <sup>4</sup>
Theater	64,600		\$ 3,420,611
Hotel	75,000	107 rooms	\$ 3,027,761
Retail Mix <sup>5</sup>	113,750		\$ 6,907,238
<b>Total</b>	<b>253,350</b>		<b>\$ 13,355,630</b>

**PHASING<sup>5</sup>**

Year	% Complete	Tax Year	Collection Year
Year 1	20.0%	2020	2021
Year 2	60.0%	2021	2022
Year 3	20.0%	2022	2023
	100.0%		

**PROPERTY TAX CALCULATIONS - PROJECTED**

TIF Year	Project Year	Assessment Year	Estimated EAV	% of Stabilized Taxes		Projected Property Tax <sup>6</sup>				Projected Property Tax Revenues (Year Received) <sup>7</sup>	Property Tax Revenues Collected (by 12/31) <sup>8</sup>
				Annual	Cumulative	Emagine/Theater	FHG/Hotel	Developer/Retail Mix			
10		2016	\$ 13,355,630	0.0%	0.0%						
11		2017	\$ 13,555,965	0.0%	0.0%						\$ -
12		2018	\$ 13,759,304	0.0%	0.0%						\$ -
13		2019	\$ 13,965,694	0.0%	0.0%						\$ -
14	1	2020	\$ 14,175,179	20.0%	20.0%						\$ -
15	2	2021	\$ 14,387,807	60.0%	80.0%	\$ 125,235	\$ 110,853	\$ 252,887		\$ 488,975	\$ 479,196
16	3	2022	\$ 14,603,624	20.0%	100.0%	\$ 508,455	\$ 450,063	\$ 1,026,722		\$ 1,985,240	\$ 1,945,535
17	4	2023	\$ 14,822,678	0.0%	100.0%	\$ 645,102	\$ 571,017	\$ 1,302,654		\$ 2,518,773	\$ 2,468,397
18	5	2024	\$ 15,045,018	0.0%	100.0%	\$ 654,778	\$ 579,582	\$ 1,322,194		\$ 2,556,554	\$ 2,505,423
19	6	2025	\$ 15,270,694	0.0%	100.0%	\$ 664,600	\$ 588,276	\$ 1,342,027		\$ 2,594,903	\$ 2,543,005
20	7	2026	\$ 15,498,754	0.0%	100.0%	\$ 674,569	\$ 597,100	\$ 1,362,157		\$ 2,633,626	\$ 2,581,150
21	8	2027	\$ 15,732,250	0.0%	100.0%	\$ 684,688	\$ 606,057	\$ 1,382,588		\$ 2,673,334	\$ 2,619,867
22	9	2028	\$ 15,968,234	0.0%	100.0%	\$ 694,958	\$ 615,147	\$ 1,403,328		\$ 2,713,434	\$ 2,659,165
23	10	2029	\$ 16,207,758	0.0%	100.0%	\$ 705,382	\$ 624,375	\$ 1,424,378		\$ 2,754,135	\$ 2,699,052
*	11	2030	\$ 16,450,874	0.0%	100.0%	\$ 715,963	\$ 633,740	\$ 1,445,744		\$ 2,795,447	\$ 2,739,538
	12	2031	\$ 16,697,637	0.0%	100.0%	\$ 726,702	\$ 643,246	\$ 1,467,430		\$ 2,837,379	\$ 2,780,631
2	13	2032	\$ 16,948,102	0.0%	100.0%	\$ 737,603	\$ 652,895	\$ 1,489,441		\$ 2,879,939	\$ 2,822,347
3	14	2033	\$ 17,202,323	0.0%	100.0%	\$ 748,667	\$ 662,698	\$ 1,511,783		\$ 2,923,139	\$ 2,864,678
4	15	2034	\$ 17,460,358	0.0%	100.0%	\$ 759,897	\$ 672,629	\$ 1,534,460		\$ 2,966,986	\$ 2,907,646
5	16	2035	\$ 17,722,263	0.0%	100.0%	\$ 771,296	\$ 682,718	\$ 1,557,477		\$ 3,011,490	\$ 2,951,261
6	16	2036	Collection of Year 5 Taxes (Tax Year 2035 Collected in 2036):			\$ 782,865	\$ 692,959	\$ 1,580,839		\$ 3,056,663	\$ 2,995,630
<b>TOTAL THROUGH TIF YEAR 23</b>											
										\$ 6,000,433	\$ 26,651,999
										\$ 13,732,110	\$ 26,020,959

Collections of TY2030 Taxes in 2031 (Last TIF Year)  
 20/20 Abatement wind down (Collections-Year 1)  
 30/40 Abatement wind down (Collections-Year 2)  
 40/60 Abatement wind down (Collections-Year 3)  
 20/60 Abatement wind down (Collections-Year 4)  
 100% Revenues to City (Collections)

Net Present Value Sensitivity Analysis <sup>10</sup>	Total Increment
Discount Rate @ 5%	\$16,449,471
6%	\$15,082,408
7%	\$13,850,548
7.5%	\$13,280,485

**Prepared by Ehlers**

<sup>1</sup> Per Township Assessor and County records for Tax Year 2016 (TY2016).  
<sup>2</sup> Per Developer Pro Forma provided to Ehlers on March 17, 2017.  
<sup>3</sup> Total square footage for the commercial/retail development per Developer Pro Forma provided to Ehlers on March 17, 2017.  
<sup>4</sup> Per Shields Township Assessor, assessments are expected to increase by 4% for TY2017. For purposes of this long-term projection, a conservative annual growth rate of 1.5% is assumed.  
<sup>5</sup> Phasing per Developer assumptions - June 2020 Grand Opening of Retail and September 2020 Grand Opening of Hotel and Theatre. Assume some partial assessments in 2020 and 2021, with Project fully assessed in Tax Year 2022.  
<sup>6</sup> Assessed value based on value of new construction per Developer's estimates of hard construction costs. Methodology confirmed with Lake County Assessor. Per the Lake County Assessor, actual assessed values of existing commercial properties in the area are lower than Ehlers and the Developer have projected due to property assessment protests.

17.247587

E

- 10%
- 20%
- 40%
- 60%
- 80%
- 100%

Year	COUNTY OF LAKE (incl Pension)		LAKE COUNTY FOREST PRESERVE DIST (incl Pension)		SHIELDS TOWNSHIP (incl Pension)		SHIELDS TOWNSHIP - ROAD & BRIDGE		CITY OF NORTH CHICAGO (incl LIBRARY & Pension)		NORTH CHICAGO CUSD #187 (incl Pension)		COLLEGE OF LAKE COUNTY #532		FOS
	Share of Total Real Property Taxes Per Schedule	0.632039 3.66%	Share of Total Real Property Taxes Per Schedule	0.192905 1.12%	Share of Total Real Property Taxes Per Schedule	0.035852 0.21%	Share of Total Real Property Taxes Per Schedule	0.030968 0.18%	Share of Total Real Property Taxes Per Schedule	6.169562 35.77%	Share of Total Real Property Taxes Per Schedule	8.9069 51.64%	Share of Total Real Property Taxes Per Schedule	0.285385 1.65%	
1	\$ 17,560	\$ 1,756	\$ 5,360	\$ 536	\$ 996	\$ 100	\$ 860	\$ 86	\$ 171,411	\$ 17,141	\$ 247,464	\$ 24,746	\$ 7,829	\$ 783	0.837
2	\$ 71,294	\$ 7,129	\$ 21,760	\$ 2,176	\$ 4,044	\$ 404	\$ 3,493	\$ 349	\$ 895,929	\$ 89,593	\$ 1,004,702	\$ 100,470	\$ 32,192	\$ 3,219	1
3	\$ 90,455	\$ 9,045	\$ 27,608	\$ 2,761	\$ 5,131	\$ 513	\$ 4,432	\$ 443	\$ 882,960	\$ 88,296	\$ 1,274,716	\$ 127,472	\$ 40,943	\$ 4,094	1
4	\$ 91,811	\$ 9,181	\$ 28,022	\$ 2,802	\$ 5,208	\$ 521	\$ 4,498	\$ 460	\$ 866,204	\$ 86,620	\$ 1,283,836	\$ 128,384	\$ 41,456	\$ 4,146	1
5	\$ 93,169	\$ 9,319	\$ 28,442	\$ 2,844	\$ 5,286	\$ 529	\$ 4,566	\$ 457	\$ 909,648	\$ 90,965	\$ 1,313,244	\$ 131,324	\$ 42,078	\$ 4,208	1
6	\$ 94,596	\$ 9,459	\$ 28,869	\$ 2,887	\$ 5,365	\$ 537	\$ 4,634	\$ 463	\$ 923,292	\$ 92,329	\$ 1,332,943	\$ 133,294	\$ 42,709	\$ 4,271	1
7	\$ 96,005	\$ 9,601	\$ 29,302	\$ 2,930	\$ 5,446	\$ 545	\$ 4,704	\$ 470	\$ 937,142	\$ 93,714	\$ 1,352,937	\$ 135,294	\$ 43,349	\$ 4,335	1
8	\$ 97,445	\$ 9,745	\$ 29,741	\$ 2,974	\$ 5,528	\$ 553	\$ 4,775	\$ 477	\$ 951,199	\$ 95,120	\$ 1,373,231	\$ 137,323	\$ 44,000	\$ 4,400	1
9	\$ 98,907	\$ 9,891	\$ 30,187	\$ 3,019	\$ 5,610	\$ 561	\$ 4,846	\$ 485	\$ 965,467	\$ 96,547	\$ 1,393,829	\$ 139,383	\$ 44,660	\$ 4,466	1
10	\$ 100,381	\$ 10,038	\$ 30,640	\$ 3,064	\$ 5,695	\$ 568	\$ 4,919	\$ 482	\$ 979,849	\$ 97,985	\$ 1,414,737	\$ 141,474	\$ 45,329	\$ 4,533	1
11	\$ 101,866	\$ 10,186	\$ 31,100	\$ 3,110	\$ 5,780	\$ 578	\$ 4,993	\$ 489	\$ 994,648	\$ 99,465	\$ 1,435,958	\$ 143,596	\$ 46,009	\$ 4,601	1
12	\$ 103,425	\$ 10,343	\$ 31,566	\$ 3,156	\$ 5,867	\$ 586	\$ 5,068	\$ 506	\$ 1,009,588	\$ 101,914	\$ 1,457,487	\$ 145,744	\$ 46,700	\$ 4,670	1
13	\$ 104,978	\$ 10,498	\$ 32,040	\$ 3,204	\$ 5,955	\$ 595	\$ 5,144	\$ 514	\$ 1,024,711	\$ 102,914	\$ 1,479,359	\$ 147,944	\$ 47,400	\$ 4,740	1
14	\$ 106,551	\$ 10,655	\$ 32,520	\$ 3,252	\$ 6,044	\$ 604	\$ 5,221	\$ 521	\$ 1,040,082	\$ 104,040	\$ 1,501,550	\$ 150,930	\$ 48,111	\$ 4,811	1
15	\$ 108,149	\$ 10,815	\$ 33,008	\$ 3,301	\$ 6,135	\$ 613	\$ 5,299	\$ 529	\$ 1,055,663	\$ 105,563	\$ 1,524,073	\$ 152,934	\$ 48,833	\$ 4,883	1
16	\$ 109,771	\$ 10,977	\$ 33,503	\$ 3,350	\$ 6,227	\$ 627	\$ 5,378	\$ 537	\$ 1,071,518	\$ 107,151	\$ 1,546,934	\$ 154,934	\$ 49,565	\$ 4,956	1
District	\$ 953,540	\$ 95,354	\$ 291,030	\$ 29,103	\$ 54,089	\$ 5,409	\$ 46,721	\$ 4,672	\$ 9,307,848	\$ 930,785	\$ 13,437,594	\$ 1,343,759	\$ 430,552	\$ 43,055	\$ 1,2

5%	\$50,279	\$18,398	\$3,419	\$2,985	\$588,407	\$69,474	\$27,218
6%	\$55,270	\$19,869	\$3,135	\$2,708	\$539,506	\$78,877	\$24,958
7%	\$50,755	\$15,491	\$2,879	\$2,487	\$495,442	\$71,282	\$22,918
7.5%	\$48,666	\$14,654	\$2,761	\$2,385	\$475,051	\$66,823	\$21,974

The Governments against the Property 2001/1-1 at seq.

are preliminary in nature and are based upon the Developer's proposed project and assumptions as outlined in the Preliminary Property Tax Projections.

**EXHIBIT D**  
**City Incentives Revenues Projections**

Year	2014		2015		2016		2017		2018	
	Revenue	Expenses	Revenue	Expenses	Revenue	Expenses	Revenue	Expenses	Revenue	Expenses
2014										
2015										
2016										
2017										
2018										

**Exhibit D of Economic Development Incentives and Property Tax Abatement Agreement\***

City of North Chicago

Potential Redevelopment: Sheridan Crossing Dev JV LLC

**Preliminary Hotel Operators' Occupation Tax and City Hotel Tax Projections**

**ASSUMPTIONS**

**Select Service Hotel**

107 rooms <sup>1</sup>
\$ 105.00 Average Daily Rate (ADR) <sup>2</sup>
60% Avg. Occupancy <sup>2</sup>
70% Avg. Occupancy (2023+) <sup>2</sup>
\$ 47,187 Avg. Weekly Gross Receipts
\$ 2,453,724 Total Annual Gross Receipts

**PHASING<sup>3</sup>**

	% Annual Receipts	Collection Year
Year 1	25.0%	2020
Year 2	100.0%	2021

Collection Year	TIF Year	Project Year	Illinois Hotel Operators' Occupancy Tax (HOOT) <sup>4</sup>			City of North Chicago Municipal Hotel Tax <sup>5</sup>
			Total Estimated Annual Gross Sales Receipts with Annual Increase <sup>2</sup> @	Adjusted Gross Sales Receipts @	Tax Revenue Received @ 6.0% of Adjusted Gross Receipts	Tax Revenue Received as portion of Total Annual Gross Sales Receipts @
			2.5%	94.0%	6.0%	9.5%
2017	10					
2018	11					
2019	12					
2020	13		\$ 613,431	\$ 576,625	\$ 34,598	\$ 58,276
2021	14	1	\$ 2,453,724	\$ 2,306,501	\$ 138,390	\$ 233,104
2022	15	2	\$ 2,515,067	\$ 2,364,163	\$ 141,850	\$ 238,931
2023	16	3	\$ 3,007,601	\$ 2,827,145	\$ 169,629	\$ 285,722
2024	17	4	\$ 3,082,791	\$ 2,897,824	\$ 173,869	\$ 292,865
2025	18	5	\$ 3,159,861	\$ 2,970,269	\$ 178,216	\$ 300,187
2026	19	6	\$ 3,238,857	\$ 3,044,526	\$ 182,672	\$ 307,691
2027	20	7	\$ 3,319,829	\$ 3,120,639	\$ 187,238	\$ 315,384
2028	21	8	\$ 3,402,825	\$ 3,198,655	\$ 191,919	\$ 323,268
2029	22	9	\$ 3,487,895	\$ 3,278,621	\$ 196,717	\$ 331,350
2030	23	10	\$ 3,575,093	\$ 3,360,587	\$ 201,635	\$ 339,634
2031	*	11	\$ 3,664,470	\$ 3,444,602	\$ 206,676	\$ 348,125
TIF Final Collection						
2032	1	12	\$ 3,756,082	\$ 3,530,717	\$ 211,843	\$ 356,828
2033	2	13	\$ 3,849,984	\$ 3,618,985	\$ 217,139	\$ 365,748
2034	3	14	\$ 3,946,233	\$ 3,709,459	\$ 222,568	\$ 374,892
2035	4	15	\$ 4,044,889	\$ 3,802,198	\$ 228,132	\$ 384,264
2036	5	16	\$ 4,146,011	\$ 3,897,251	\$ 233,835	\$ 393,871
<b>TOTAL THROUGH TIF YEAR 23</b>			<b>\$ 35,521,444</b>	<b>\$ 33,390,157</b>	<b>\$ 2,003,409</b>	<b>\$ 3,374,537</b>

Net Present Value Sensitivity Analysis <sup>5</sup>		City Portion
Discount Rate @	5%	2,175,264
	6%	2,003,054
	7%	1,847,580
	7.5%	1,775,525

**Prepared by Ehlers**

<sup>1</sup> Total number of rooms per FHG/Developer.

<sup>2</sup> ADR and occupancy estimated per FHG/Developer at \$106.50 and 65%, respectively. Ehlers adjusted ADR and occupancy to \$105.00 and 60% per data trends reflected in STR reports provided by Visit Lake County, and increases in average occupancy of 70% in 2023 and after.

<sup>3</sup> Phasing per Developer assumptions - June 2020 Grand Opening of Retail and September 2020 Grand Opening Hotel and Theatre. Assume partial collection in 2020.

<sup>4</sup> Per the Illinois Department of Revenue, The HOOT is imposed on all hotel operators whose businesses are located in Illinois. HOOT is calculated at 6% of 94% of gross receipts.

<sup>5</sup> Per the City of North Chicago, the City imposes a 9.5% Hotel and Motel Occupancy Tax and these funds are unrestricted.

<sup>5</sup> Net Present Value presented with a range of discount rates to demonstrate potential value changes related to the timing, scope, and current market conditions of future development projects.

\* Refer to "Sheridan Crossing Project Review and Recommendations" prepared by Ehlers 5.18.17 for more information on project and proforma review assumptions.

EXHIBIT E  
Transferee Assumption Agreement

THIS AGREEMENT, made as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by, between and among \_\_\_\_\_, an Illinois \_\_\_\_\_ ("Owner"), [TRANSFEREE] ("Transferee") and the CITY OF NORTH CHICAGO, an Illinois home rule municipal corporation ("City"),

WITNESSETH:

WHEREAS, pursuant to that certain real estate sale contract dated \_\_\_\_\_, 20\_\_, the Transferee agreed to purchase from the Owner certain real property situated in Lake County, Illinois and legally described in Exhibit A attached hereto and by this reference incorporated herein and made a part hereof ("**Property**"); and

WHEREAS, following the conveyance of the Property by the Owner, the Transferee will be the legal owner of the Property; and

WHEREAS, as a condition to the conveyance of the Property by the Owner, the Owner and the City require that the Transferee agree to comply with all the terms, requirements and obligations set forth in that certain Redevelopment Agreement, dated as of \_\_\_\_\_, 20\_\_, and recorded in the Office of the Lake County Recorder on \_\_\_\_\_, 20\_\_, as Document No. \_\_\_\_\_, by and between the City and Owner, as amended from time to time ("**Redevelopment Agreement**");

NOW, THEREFORE, in consideration of the agreement of the Owner to convey the Property to the Transferee and of the City to accept the transfer of obligations as provided herein and to grant the releases granted herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed by, between and among the City, the Owner and the Transferee as follows:

1. **Recitals.** The foregoing recitals are by this reference incorporated herein and made a part hereof as substantive provisions of this Agreement.
2. **Assumption of Obligations.** The Transferee, on its behalf and on behalf of its successors, assigns, heirs, executors and administrators, hereby agrees, at its sole cost and expense, to comply with all of the terms, requirements and obligations of the Redevelopment Agreement, including all exhibits and attachments thereto, regardless of whether such terms, requirements and obligations are to be performed and provided by, or are imposed upon, the Owner or the developer of the Property.
3. **Assurances of Financial Ability.** Contemporaneously with the Transferee's execution of this Agreement, the Transferee shall, upon the request of the City, provide the City with such reasonable assurances of financial ability to meet the obligations assumed hereunder as the City may, from time to time, require.
4. **Payment of City Fees and Costs.** In addition to any other costs, payments, fees, charges, contributions or dedications required by this Agreement, the Redevelopment Agreement or by applicable City codes, ordinances, resolutions, rules or regulations, the Transferee shall pay to the City, immediately upon presentation of a written demand or demands therefor, all legal, engineering and other consulting or administrative fees, costs and expenses incurred in connection with the negotiation, preparation, consideration and review of this Agreement.



5. **Acknowledgement and Release of Transferor.** The City hereby acknowledges its agreement to the Transferee's assumption of the obligation to comply with the terms, requirements and obligations of the Redevelopment Agreement, including all exhibits and attachments thereto, and the City hereby releases the Owner from any personal liability for failure to comply with the terms, requirements and obligations of the Redevelopment Agreement.

**[6. Trustee Exculpation. This Agreement is executed by [Bank], not personally, but solely as Trustee aforesaid, in the exercise of the power and authority conferred upon and vested in it as such Trustee. All the terms, provisions, stipulations, covenants and conditions to be performed by [Bank] are undertaken by it solely as Trustee as aforesaid, and not individually, and all statements herein made are made on information and belief and are to be construed accordingly, and no personal liability shall be asserted or be enforceable against the Trustee by reason of any of the terms, provisions, stipulations, covenants, conditions and/or statements contained in this Agreement. Any such liability shall be asserted instead against [the property contained in Trust Number \_\_\_\_\_ or the beneficiaries thereof or against] the other signatories hereof or their successors.]**

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed as of the day and year first written above.