

**FIRST RESTATEMENT OF THE REDEVELOPMENT AGREEMENT
BETWEEN HCF HOMEWOOD, LLC
AND THE VILLAGE OF HOMEWOOD**

This First Restatement of the Redevelopment Agreement is executed effective as of the July 27, 2021 ("Effective Date") by the Village of Homewood, Cook County, Illinois, an Illinois municipal corporation ("Village") and HCF Homewood, LLC, an Illinois limited liability company ("Developer"). This First Restatement replaces the Redevelopment Agreement dated November 25, 2019 (the "Redevelopment Agreement") between the Village and the Developer. Capitalized terms used herein shall have the meaning ascribed in the Redevelopment Agreement unless expressly modified herein, or if the context thereof shall clearly indicate otherwise.

BACKGROUND

The Village and the Developer entered into the Redevelopment Agreement in late 2019 to facilitate Developer's development of a mixed use project ("Project") in the Village's Downtown Transit Oriented Development Tax Increment Financing District ("TOD TIF"). The Project is to be constructed on a site owned by the Village which is to be acquired by the Developer pursuant the terms of a Purchase Agreement ("Purchase Agreement") between the Village and the Developer. Unfortunately, acquisition and commencement of the Project has been delayed and extended because of the COVID-19 pandemic.

As adverse economic effects of the COVID-19 pandemic abate, the Developer has determined to move forward with a modified Project. The original Project included additional guest rooms to be leased to a nearby hotel. However, the pandemic has severely impacted the entire hotel industry. As a result, to maximize the Project's economic viability, the Developer has proposed eliminating the "guest rooms" originally planned for the Project and replacing those guest rooms with additional apartments. The Village has agreed to this modification of the Project.

NOW, THEREFORE, in consideration of the foregoing recitals, and to induce the Developer and Village to proceed with the new development contemplated by the Redevelopment Agreement, and for other good and valuable consideration, the parties hereto agree as follows:

This Agreement is entered into on July 27, 2021 and shall replace in its entirety the Redevelopment Agreement approved on November 25, 2019, by and between the Village of Homewood, Cook County, Illinois, an Illinois municipal corporation (hereinafter referred to as the "Village"), and HCF Homewood, LLC, an Illinois limited liability company, (hereinafter referred to as "Developer").

WITNESSETH:

In consideration of the Preliminary Statements, the mutual covenants herein contained and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the parties agree:

1. Preliminary Statements.

Among the matters of mutual inducement which have resulted in this Agreement are:

(a) The Village in 2017 established the Downtown Transit Oriented Development Tax Increment Financing District (TOD TIF) to re-establish the redevelopment project area as a vibrant mixed-use and transit oriented district.

(b) Developer has proposed demolishing a vacant one-story commercial building in the TOD TIF owned by the Village and constructing a four-story, mixed use building to include a first-floor restaurant/retail, three floors of rental apartments, ("the Project").

(c) Developer and Village have entered into a Purchase and Sale Agreement, incorporated herein and attached as Exhibit A, for the purchase of the 43,920 square foot Village-owned parcel in the TOD TIF (the "Property"), described in the Purchase Agreement.

(d) Developer has requested assistance from the Village in the management of real estate taxes for the Property, and financial assistance related to property acquisition, planning, design, site improvement, and construction of the Project.

(e) The Village has engaged the firm of Kane McKenna and Associates to independently assess the Project's viability and the Developer's eligibility for financial assistance.

(f) Developer represents and warrants that the Project requires economic assistance to be given by the Village and the Project as contemplated would not be economically viable without such assistance.

(g) The Project will enhance the downtown area by increasing population density, restoring the Property to the tax rolls, and creating another dining option for downtown residents and patrons.

(h) The Project is the first redevelopment opportunity in the TOD TIF and as such is critical to the TIF's financial success.

2. Village Authority.

The Project is within an area designated by the Village as a Tax Increment Redevelopment Project Area as authorized by Section 11-74-4.1 *et seq.* of the Illinois Municipal Code. (65 ILCS 5/11-74.4 *et seq.*) Section 11-74.4-4 authorizes municipalities to contract with private agencies or persons to carry out a Redevelopment Plan.

Section 8-1-2.5 of the Illinois Municipal Code (65 ILCS 5/8-1-2.5) authorizes municipalities to appropriate and expend funds for economic development purposes, including, without limitation, making grants to any other governmental entity or commercial enterprise deemed necessary or desirable for the promotion of economic development within the municipality.

3. Term of the Agreement.

The term of this Agreement shall commence on the day succeeding the date of execution first written above. Expiration of the Agreement shall be at 12:00 p.m. on December 31, 2042, or when all incentives have been paid to the Developer, whichever occurs first.

4. Conditions Precedent to the Undertakings on the Part of the Village.

All undertakings by the Village under this Agreement are subject to satisfaction of these conditions by Developer:

(a) Developer shall have substantially completed the requirements of the Purchase Agreement for the timely acquisition, development and occupancy of the Property. It is understood that approvals from the Village Director of Public Works and any other necessary agency, board or commission of the Village as required in this agreement or the Purchase Agreement shall be given in their sole capacity as agents of a municipal corporation with discretion to approve all plans for development within the Village, and the Village shall not be deemed to have caused a default or have any liability for its failure to approve the final development plan, stages of development, or Final Completion of the Project.

(b) Subject to the terms of Section 6 below, Developer, within 540 days from the date of site acquisition, shall have constructed the Project.

(c) Before acceptance of the Final Completion of the Project by the Village, Developer shall have delivered to the Village an unaudited certified statement of all costs of the Project signed by an officer of the Company, with such other relevant cost certifications relating to the Project as the Village may reasonably request. Final

Completion means the issuance by the Village of Homewood of a conditional or final occupancy permit for each portion of the building comprising the Project.

(d) Developer acknowledges that 65 ILCS 5/11-74.4-4 requires the Village to request alternate proposals or bids for the disposition of the Property. Village acknowledges that it has complied with its requirements under 65 ILCS 5/11-74.4-4 and that no alternate bids were received by the Village.

5. Undertakings by the Village.

Upon satisfaction by Developer of all the conditions hereinabove stated by the dates set forth above, the Village undertakes to aid the Developer through cost reimbursements and other support as detailed in paragraphs (a) and (b) below, but subject to the conditions of paragraphs (c) and (d) below:

(a) The Village will support an application by Developer to Cook County for a Class 8 designation of the site acquired. Any reasonable expense to the Village in supporting the application by Developer will be paid by Developer. This County program provides for tax abatement to Developer which reduces the assessment rate for twelve years. The application will be made by the Developer, and Village will provide the appropriate municipal certifications requested by Developer for the Application, including providing to Developer a certified resolution, the form of which is attached as Exhibit B, stating that the Project follows the overall plan for redevelopment of the area and that the Village is in full support of the Developer's application to obtain a Class 8 tax designation for the Property. The Village makes no representation as to the merit of the application for a Class 8 designation. Developer may terminate this Agreement if Developer fails to receive the Class 8 designation for the Property or the letter it has requested from the Cook County Assessor's Office, the form of which is attached as Exhibit C, indicating that its Class 8 application should be approved.

(b) As authorized by the State of Illinois Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.1-1 *et seq.*, referred to as the "Act") and subject to this Agreement, the Village of Homewood agrees to reimburse the Developer for up to \$7,000,000 in costs eligible for reimbursement under the Act over a nineteen (19) year period, payable from incremental tax revenues deposited in the TOD TIF special tax allocation fund. The costs to be reimbursed to the Developer are listed in paragraphs 5(c), (d), and (e) below. In addition to reimbursements for TIF eligible expenses under the Act, the Village may also make economic development grants as authorized under 65 ILCS 5/8-1-2.5 up to the reimbursement amount stated in this paragraph.

(c) Exhibit D lists the Project's one-time costs eligible for reimbursement under the Act.

(d) The Village agrees to reimburse the Developer for Thirty Percent (30%) of its interest cost incurred related to the Project, as authorized by Section 11-74.4-3(q)(11) of the Act.

(e) The Village agrees to issue non-recourse tax increment revenue notes for unreimbursed TIF eligible expenses as provided below.

(i) The Village agrees to authorize/issue one or more Notes as the Village of Homewood Taxable Non-Recourse Subordinate Lien Tax Increment Revenue Note, Series 2021, (the "Notes") to Developer in the total aggregate principal amount of three million five hundred fifty eight thousand eight hundred and seventy seven Dollars (\$3,558,877) in the form attached as Exhibit E. The non-recourse Notes shall bear interest at Nine- and One-Half Percent (9.5%) per annum, for a term which is the shorter of: (i) the date on which all principal and interest due and owing on the non-recourse Notes is paid in full or (ii) nineteen (19) years from the date of the non-recourse Notes. The Note holder will have no recourse to compel the Village to pay from any other sources, except as provided for herein, nor compel the Village to have any obligation to extend the Notes or the duration of the TIF. The Notes shall have the liens on the Developer's Incremental Taxes, whether senior or subordinated to any other Notes, as requested by the Developer.

(ii) Prior to Developer's request for the first of the Notes, Developer shall submit a written statement to the Village certifying that it has completed the Required Improvements. Along with its request for the first of the Notes, Developer shall submit a statement stating the total amount spent on the Property and specifying the TIF Costs incurred, pursuant to Exhibit D, and shall include general contracts, general contractor's sworn statements, subcontracts, material purchase orders, waivers of lien, paid receipts and invoices to confirm that the total Property costs and the TIF Costs have been incurred and paid.

(iii) The Village shall respond to the Developer's request for the issuance of a Village Note(s) within thirty (30) days by issuing the Notes. Furthermore, the Village agrees to issue Notes to refund any Notes if the total principal amount of the refunding Notes does not exceed the amount of the Notes that are refunded.

(iv) The Village will establish and maintain the Downtown Transit Oriented Development TIF Special Tax Allocation Fund for the deposit of all incremental taxes generated from the Downtown Transit Oriented Development TIF. The incremental taxes from the Property (Project

Replaced with: *Those Project Incremental Taxes will be recorded separately as the Developers Incremental Taxes. Per. the March 14, 2023, First Amendment to the Restated Redevelopment Agreement Between HCF Homewood, LLC and the Village of Homewood Originally Approved July 27, 2021.*

Incremental Taxes) are a portion of the Downtown Transit Oriented Development TIF and will be segregated from the remainder of the Downtown Transit Oriented Development TIF. ~~Those Project Incremental Taxes will be divided equally and recorded separately as the Developer's Incremental Taxes and the Village's Incremental Taxes.~~ The Village will promptly provide annual notice by February 1 of each year, or whatever annual deadline is required, to Cook County, directing that separate tax codes shall be designated, assigned and maintained for each property index number assigned and dedicated to the Property and establish and maintain a sub-account within the Downtown Transit Oriented Development TIF Special Tax Allocation Fund for the deposit of Developer's Incremental Taxes (the "Downtown Transit Oriented Development Sub-Account"). The Village's Contribution, under this Agreement to pay the non-recourse Notes, shall be paid solely from the Developer's Incremental Taxes generated solely from the Property. As it relates to the Developer's Incremental Taxes, the Village Notes shall not be subordinate to any other obligations of the Village. The Developer's Incremental Taxes shall be used solely to make payment obligations on Village's non-recourse Notes and shall be the sole source of funding for paying the principal and interest of the Notes. In the event the Developer's Incremental Taxes are inadequate to make scheduled Notes payments or to fully repay the Notes, the Village shall have no obligation to provide any additional funds from any other source other than the Developer's Incremental Taxes. ~~For an abundance of clarity, the foregoing provisions relating to the source of funding under the Notes shall not impair the independent obligations of the Village pursuant to Section 5(f) of this Agreement to assure Developer's receipt of Developer's Minimum Annual Return.~~ Village shall not be deemed to be in default of this Agreement or the Notes if the Developer's Incremental Taxes are insufficient to make any payment on the Notes. As it relates to the Developer's Incremental Taxes, the Village non-recourse Notes and any Revenue Bonds shall not be subordinate to any other obligations of the Village. After the full redemption of the Notes, 100% of the Project Incremental Taxes shall thereafter be the Village's Incremental Taxes.

(vii) Not General Obligation. THE NOTES SHALL NOT CONSTITUTE A GENERAL OBLIGATION OF THE VILLAGE, NOR SHALL THEY BE SECURED BY THE FULL FAITH AND CREDIT OF THE VILLAGE. THE NOTES SHALL BE PAYABLE SOLELY FROM DEVELOPER'S INCREMENTAL TAXES DEPOSITED INTO THE DOWNTOWN TRANSIT ORIENTED DEVELOPMENT TIF SUB-ACCOUNT. INSUFFICIENCY OF THE DEVELOPER'S INCREMENTAL TAXES TO PAY INTEREST OR PRINCIPAL OBLIGATION RELATING TO THE

NOTES WHEN DUE SHALL NOT BE A DEFAULT THEREON, AND NO NOTE HOLDER THEREOF SHALL HAVE ANY RECOURSE WHATSOEVER AGAINST THE VILLAGE IF THE DEVELOPER'S INCREMENTAL TAXES ARE INSUFFICIENT TO PAY ANY INTEREST OR PRINCIPAL OBLIGATION WHEN DUE.

(ix) During the Term, the Village covenants and agrees that, until all principal and interest payments due to Developer under the Notes have been made, the Village: (1) unless required by law, shall not revoke the TIF Ordinances; (2) shall not commingle the Developer's Incremental Taxes with any other municipal debt obligations; (3) shall not pledge or apply any portion of the Developer's Incremental Taxes to any other purpose or the payment of any other obligation of the Village other than as set forth in this Agreement.; (4) upon written request by Developer or its attorneys, shall provide Developer (within thirty (30) calendar days after receiving such request) with a copy of documentation submitted to the State of Illinois pursuant to reporting requirements in the Act; (5) shall provide copies to the Developer of any P.I.N. tax code segregation direction notices required to be filed with Cook County pursuant to Section 5.(e)(iv) above; and (6) shall comply with all annual reporting requirements in the Act.

(x) Payment on the Notes.

(i) Once the Notes are issued, the Village shall make payments as provided for herein on the Notes, upon receipt of Developer's Incremental Taxes from Cook County. Payments shall be made to the Registered Owner at the address registered with the Village. The Village shall continue to make payments to the original Registered Owner unless the Registered Owner directs the Village in writing to make payments to a successor owner.

(ii) The Village shall make semi-annual payments on the Notes by the date thirty (30) days after the date on which the Village receives payment from the Cook County Treasurer for so long as the Notes are outstanding.

(xi) Assignment or Transfer of Notes.

After the Village has issued the Certificate of Completion, Developer may assign the non-recourse Notes without the written prior consent of the Village. Developer acknowledges that the non-recourse Notes can only be assigned or transferred to a (i) "sophisticated investor" having enough knowledge and experience in business matters and non-rated revenue

notes to evaluate the risks and merits of the non-recourse Notes as an investment (a "Sophisticated Investor") or (ii) a trustee bank that would hold the Note(s) as trustee for the benefit of Sophisticated Investor(s) pursuant to a trust agreement (a "Certificateholder"). Any non-recourse Notes assignee, other than with respect to a trustee bank, and each Certificateholder, must sign a letter to the Village confirming that he, she or it is a "sophisticated investor" and understands the risks inherent in a tax increment revenue note. No consent shall be required for any pledge of the Notes as collateral security to a third-party lender, so long as the Developer provides written notification to the Village and direction to make payments to said lender. In addition and notwithstanding the foregoing to the contrary, the Developer may transfer the Notes to (i) any entity controlling, controlled by or under common control with Developer or (ii) any entity in which the majority equity interest is owned by the parties with a majority equity interest in the Developer.

~~(f) Village Contribution to Support Minimum Annual Return.~~

~~Developer has submitted a cash flow pro forma for the Project as part of its application for financial assistance, attached as Exhibit F. A fundamental metric for Developer to attract capital and to obtain bank or other institutional financing to enable the Project to proceed requires that the Project, after substantial completion, must generate minimum return on cost (ROC) from all sources on a cumulative basis over a period of not less than nineteen (19) years at not less than nine percent (9%) per annum ("Developer's Minimum Overall Return"). ROC is to be calculated on the total cost ("Total Project Cost") of developing and constructing the Project (which shall include all hard and soft costs, including, without limitation, development fees, engineering fees, costs of materials and labor, contractors' fees, architectural fees, construction management fees, construction escrow and title insurance fees, lender funding fees, legal fees, other professional fees, leasing commissions, capitalized interest accrued or paid during construction, and all other costs customarily included in developing and constructing a development such as the Project); provided further, that ROC from all sources for any individual year ("Developer's Minimum Annual Return") must be, after Substantial Completion of the Project (as hereinafter defined), not less than seven and 94/100 percent (7.94%) per annum. Without public assistance from the Village to assure Developer receives Developer's Minimum Annual Return each year over the life of this Agreement, the Project will not be developed.~~

~~As used herein, ROC is defined for any fiscal year as Total Operating Revenue less Total Operating Expenses, divided by Total Project Cost. For purposes of this Agreement, Total Operating Revenue includes all rental revenue, tenant reimbursements, 100% of the incremental real estate taxes generated by the Project and received from the Village, and all other income generated at or from the Project to the benefit of Developer. Total~~

~~Operating Expenses includes all property-level operating expenses for owning and operating the Project, including, without implied limitation, insurance premiums, utilities, property taxes, repair and maintenance costs, janitorial fees, scavenger fees, management fees, leasing fees, legal fees, license fees, and other usual and customary costs of owning, maintaining and operating the Project. ROC excludes depreciation and amortization, gain/loss on sale of real estate, interest expense, and other non-operating items of expense. Developer's fiscal year is the calendar year beginning January 1. Where ROC must be calculated for a partial year, the calculation shall be prorated based upon the actual number of days in such partial year divided by a 365-day year.~~

~~As used herein, "Substantial Completion of the Project" means that construction of the Project is sufficiently complete to enable Developer to obtain from the Village occupancy permits (or equivalent) to allow all parts of the Project to be occupied and used for their intended purpose.~~

~~To achieve Developer's required ROC, the Developer and Village agree:~~

~~(i) If at any time throughout the duration of this Redevelopment Agreement after Substantial Completion of the Project, ROC, including 100% of the incremental ad valorem taxes generated by the Project, for any fiscal year shall be less than Developer's Minimum Annual Return of seven and 94/100 percent (7.94%) per annum, the Village shall:~~

~~(a) Reimburse Developer for TIF eligible expenses from TIF Funds other than those generated by the Project; or~~

~~(b) Provide an economic development grant of non-TIF funds under Section 8-1-2.5 of the Illinois Municipal Code (65 ILCS 5/8-1-2.5)~~

~~sufficient to achieve Developer's Minimum Annual Return for that fiscal year.~~

~~(ii) If the Project generates ROC in any fiscal year that exceeds the Developer's Minimum Overall Return of 9% ("Excess ROC"), fifty percent (50%) of such Excess ROC shall be retained by Developer as its sole property, and fifty percent (50%) of such Excess ROC shall be paid to the Village as the Village's sole property.~~

~~Examples For Illustration Only~~

Total Project Cost	\$9,578,819
Guaranteed ROC 7.94%	\$760,558
Split ROC above 9.00%	\$862,094

~~("TOR" = Total Operating Revenue; "TOE" = Total Operating Expenses)~~

Scenario 1	Scenario 2	Scenario 3
TOR \$907,428	TOR \$1,100,000	TOR \$1,300,000
TOE \$266,196	TOE \$275,000	TOE \$290,000
ROC \$641,232 (6.69%)	ROC \$825,000 (8.6%)	ROC \$1,010,000 (10.5%)
Village pays \$119,326 (\$760,558 - \$641,232)	Village pays zero	\$147,906 split 50-50 Village & Developer (\$1,010,000 - \$862,094)

~~(iii) Commencing in the first calendar quarter following the first full fiscal year after Final Completion of the Project, Developer shall annually provide to the Village before the end of the first calendar quarter of the succeeding fiscal year compiled financial statements for the Project ("Annual Financial Statements") for the preceding fiscal year prepared by a Certified Public Accountant which shall include worksheets calculating: (i) ROC, (ii) the amount, if any, required to be made by Village to Developer to achieve the Developer's Minimum Annual Return, (iii) the amount, if any, of Excess ROC; (iv) the amount, if any, of Excess ROC to be paid by Developer to Village; (v) records showing the Developer's the Developer's interest cost incurred related to the Project in the preceding fiscal year. The Annual Financial Statements shall not be audited but shall be certified to the Village by an officer of Developer as accurate in all material respects.~~

~~If Developer fails to deliver to the Village any documentation listed in Section 5.(f)(iii) above, or otherwise violates any material term or provision of this Redevelopment Agreement, then the Village shall have no obligation to make any payment to Developer until any such failure or violation is cured to the Village's commercially reasonable satisfaction, and all rights of Developer to demand any current or future payment from the Village shall be suspended until such failure or violation is so cured. All other obligations on the part of the Village arising under this Redevelopment Agreement shall be deferred and without effect until such failure or violation is so cured. Should a default continue throughout a cure period of ninety (90) days after a Notice of Default has been mailed or hand delivered by Village to Developer, and Developer has provided no evidence of a good faith effort to correct such default, then Village may terminate this Redevelopment Agreement~~

~~as provided in Section 23. Should Developer provide to Village such evidence of a good faith effort to correct the default within the initial ninety (90) day cure period, then the cure period will be extended for a period not to exceed ninety (90) days or such reasonable time to cure said default, whichever is greater. No interest shall be paid by the Village on any payments due to be paid but are unpaid because of the default of Developer or because of any Notice of Default to Developer. Except as provided in the Notes referred to in Section 5(e) of this Agreement, in no instance shall the Village be required to pay interest to Developer on amounts owed by Village to Developer under this Redevelopment Agreement. Any period of default by Developer shall not extend the time limitation for completion of the Project or extend the term of the Redevelopment Agreement.~~

(g) **Building Demolition Agreement.**

As part of this Agreement, the Village and the Developer have approved a Building Demolition Agreement attached as Exhibit G. Payments made to the Developer by the Village under the Demolition Agreement shall not count against the financial incentive cap in paragraph 5.(b) and shall be excluded from Total Project Cost, Total Operating Revenue, and Total Operating Expense calculations in paragraph 5.(f).

6. Undertakings on the Part of Developer.

(a) Developer shall obtain Final Completion of the Project within 540 days following site acquisition in substantial accordance with the Cost Estimates, plans and specifications approved by the Village, and all ordinances, rules and regulations of the Village and of other regulatory agencies from which approval must be obtained.

(b) Promptly upon completing the Project, Developer shall request a certificate from the Village certifying that Developer has completed the Project in conformance with the Cost Estimates (the "Certificate of Completion"), and the Village shall not unreasonably withhold or delay issuance of such Certificate of Completion. Denial of such Certificate of Completion by the Village shall be made within ninety (90) days from receipt of Developer's request for certification, and it shall include the specific elements of completion required for such certificate to be issued. Developer shall have sixty (60) days or such reasonable time to comply with the terms of the denial and to issue a new request for certification. With the request for a Certificate of Completion, Developer shall provide an affidavit that the Project has been completed free from any mechanics liens, and shall, at the request of the Village, provide final lien waivers for of all the work. Should the Developer choose to contest and not settle any mechanics liens on the Property at the time of the request for a Certificate of Completion, Developer may deposit with its title insurance company such amount of money required by the title company to provide a title indemnity policy insuring against the collection of such liens and/or encumbrances, or it may provide to the title company a third-party bond

IN WITNESS WHEREOF, this Agreement is entered into as of the date and year first above written.

Village of Homewood
an Illinois municipal corporation

By: _____

Village President

Attest: _____

Marilyn Thomas
Village Clerk

HCF Homewood, LLC,
an Illinois limited liability company

By: _____

Its: CO-MANAGER

Attest: _____

By: _____

Its: CO-MANAGER

Exhibit List

Exhibit	Description
A	Purchase and Sale Agreement and all amendments
B	Class 8 Resolution
C	Assessor Letter-Class 8 Approval
D	List of TIF Eligible Expenses
E	Sample TIF Note
F	Developer's Pro Forma
G	Building Demolition Agreement
H	Memorandum of Agreement