

VILLAGE OF VERNON HILLS

ORDINANCE NO. 2010-051

AN ORDINANCE APPROVING AN ECONOMIC INCENTIVE AGREEMENT FOR A PORTION OF VACANT PROPERTY COMMONLY KNOWN AS THE SHOPPES OF GREGG'S LANDING LOCATED AT THE INTERSECTION OF GREGG'S PARKWAY AND MILWAUKEE AVENUE

THE 31st DAY OF AUGUST 2010

Published in pamphlet form by the Authority
of the President and Board of Trustees of the
Village of Vernon Hills, Lake County,
Illinois, this 9th Day of September, 2010

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AND MILWAUKEE AVENUE**

WHEREAS, the Village relies on sales tax as its main source of funding the Village's general financial obligations; and,

WHEREAS, the current economic conditions have severely impacted the retail industry and therefore the Village's main source of funding has been substantially reduced; and,

WHEREAS, the Village is concerned about maintaining the economic vitality of the Village's retail community; and,

WHEREAS, the Shoppes of Gregg's Landing ("Shopping Center") is partially developed and the portion of the Shopping Center property that is the subject of this Agreement (as defined below) has remained vacant and undeveloped for at least two years; and

WHEREAS, , Bradford Landing South 4 LLC and Bradford Landing South 3 LLC, collectively known as the Developer, have requested that the Village consider an economic incentive program to assist in locating a grocery store to be known as Mariano's Fresh Market store onto a portion of the vacant property; and,

WHEREAS, the development of the proposed Mariano's Fresh Market (the "Project") on the Property is expected to create job opportunities within the municipality, which have been lost with the closing of other retail stores within the Village; and

WHEREAS, the Project will serve to further the development of adjacent vacant outlots that are adjacent to the Shopping Center; and

WHEREAS, without the agreement, the Developer will not make the required on-site improvements to attract Mariano's Fresh Market and as a result the Project would not be possible; and

WHEREAS, the Developer meets high standards of creditworthiness and financial strength as demonstrated by specific evidence of equity financing for not less than 10% of the total project costs, or a letter from a financial institution attesting to the financial strength of the developer, or having a corporate debenture ratings of BBB or

higher from Standard & Poor's Corp of Baa or higher from Moody's investor services;
and

WHEREAS, the Project will strengthen the commercial sector of the municipality by filling the vacant lot in an important shopping center in the Village with a high class tenant, that will in turn attract other new tenants to the Village; and

WHEREAS, the Project will enhance the tax base of the municipality by development of a vacant commercial parcel of land in the Shopping Center; and

WHEREAS, State Statute 65 ILCS 5/8-11-20 authorizes the Village to enter into economic incentive agreements subject to the Village making certain findings of fact; and,

WHEREAS, the Village has made the required findings of fact as set forth below.

NOW THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF VERNON HILLS, LAKE COUNTY, ILLINOIS, AS FOLLOWS:

SECTION 1: ECONOMIC INCENTIVE FINDINGS. Pursuant to 65 ILCS 5/8-11-20, the Village makes the following finding of facts:

1. The Shoppes of Gregg's Landing Shopping Center is currently developed with a retail shopping center and vacant land;
2. The Shopping Center is currently partially developed and the portion of the Shopping Center property that is the subject of this Agreement (as defined below) has remained vacant and undeveloped for at least two years;
3. The economic incentive program is expected to create and retain job opportunities within the municipality, by providing a quality retailer in the Shopping Center: Mariano's Fresh Market. Mariano's Fresh Market will create job opportunities lost to the Village. Further, a vibrant shopping center with Mariano's Fresh Market as one of its anchor tenants will substantially strengthen the remaining tenants' ability to economically survive in the Shopping Center;
4. The economic incentive agreement will provide a solid anchor tenant in the Shopping Center thereby serving to further the development of the Shopping Center and adjacent retail shopping areas;
5. Without this economic incentive agreement, the owner and developer have represented that it would not be able to attract Mariano's Fresh Market as a tenant in the Shopping Center;
6. Bradford Landing South 4 LLC and Bradford Landing South 3 LLC, the owner and developer of the lot on which Mariano's Fresh Market will be constructed, meets high standards of creditworthiness and financial strength as demonstrated by specific evidence of equity financing for more than 10% of the total project costs, or in a letter from a financial institution attesting to the financial strength of

- the developer, or by having a corporate debenture ratings of BBB or higher from Standard & Poor's Corp of Baa or higher from Moody's investor services;
7. Obtaining Mariano's Fresh Market as an anchor tenant in the Shopping Center will strengthen the commercial sector of the Village, given the fact that the Shopping Center is an important part of the retail shopping area in the Village.
 8. Constructing the Mariano's Fresh Market store in the Shopping Center will enhance the tax base of the Village and will help to restore the financial base of the Village.
 9. Entering into the economic incentive agreement is in the best interest of the Village.

SECTION II. AUTHORIZATION TO EXECUTE AGREEMENT. At such time as the Village receives a copy of the fully executed Roundy's Inc. lease (DBA Mariano's Fresh Market), the Village hereby authorizes the Village President and Village Clerk to execute the Economic Incentive Agreement (attached hereto as Exhibit "A") for portions of the Shoppes of Gregg's Landing Shopping Center in a form substantially similar to the copy attached, as more clearly depicted on the Site Plan of the Shopping Center (attached hereto as Exhibit "B").

SECTION III. SEVERABILITY. In the event that any section, clause, provision or part of this Ordinance shall be found and finally determined to be invalid by a Court of competent jurisdiction, all valid parts that are severable from the invalid parts shall remain in full force and effect. If any part of this Ordinance is found to be invalid in any one or more of its applications, all valid applications that are severable from the invalid applications shall remain in effect.

SECTION IV. REPEAL AND SAVINGS CLAUSE. All ordinances or parts of ordinances in conflict herewith are hereby repealed; provided, however, that nothing herein contained shall affect any rights, actions or causes of action which shall have accrued to the Village of Vernon Hills prior to the effective date of this ordinance.

SECTION V. EFFECTIVE DATE. This ordinance shall be in full force and effect from and after its passage, approval and publication in pamphlet form as provided by law.

SECTION VI. **ORDINANCE NUMBER.** This ordinance shall be known as Ordinance Number 2010-051.

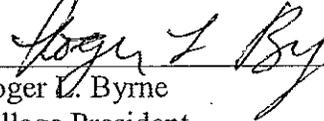
Adopted by roll call vote as follows:

AYES: 5 – Schwartz, Hebda, Koch, Marquardt, Schultz

NAYS: 0 – None

ABSTAIN: 0 - None

ABSENT AND NOT VOTING: 1 - Williams



Roger L. Byrne
Village President

PASSED: 8/31/2010

APPROVED: 8/31/2010

PUBLISHED IN PAMPHLET FORM: 9/09/2010

ATTEST:



Michael S. Allison
Village Manager/Clerk

EXHIBIT A

ECONOMIC INCENTIVE AGREEMENT

EXHIBIT B

SITE PLAN OF THE SHOPPING CENTER AND ELIGIBLE PROPERTY

VILLAGE OF VERNON HILLS

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WHEREAS, the Village relies on sales tax as its main source of funding the Village's general financial obligations; and,

WHEREAS, the current economic conditions have severely impacted the retail industry and therefore the Village's main source of funding has been substantially reduced; and,

WHEREAS, the Village is concerned about maintaining the economic vitality of the Village's retail community; and,

WHEREAS, the Shoppes of Gregg's Landing ("Shopping Center") is partially developed and the portion of the Shopping Center property that is the subject of this Agreement (as defined below) has remained vacant and undeveloped for at least two years; and

WHEREAS, , Bradford Landing South 4 LLC and Bradford Landing South 3 LLC, collectively known as the Developer, have requested that the Village consider an economic incentive program to assist in locating a grocery store to be known as Mariano's Fresh Market store onto a portion of the vacant property; and,

WHEREAS, the development of the proposed Mariano's Fresh Market (the "Project") on the Property is expected to create job opportunities within the municipality, which have been lost with the closing of other retail stores within the Village; and

WHEREAS, the Project will serve to further the development of adjacent vacant outlots that are adjacent to the Shopping Center; and

WHEREAS, without the agreement, the Developer will not make the required on-site improvements to attract Mariano's Fresh Market and as a result the Project would not be possible; and

WHEREAS, the Developer meets high standards of creditworthiness and financial strength as demonstrated by specific evidence of equity financing for not less than 10% of the total project costs, or a letter from a financial institution attesting to the financial strength of the developer, or having a corporate debenture ratings of BBB or

higher from Standard & Poor's Corp of Baa or higher from Moody's investor services;
and

WHEREAS, the Project will strengthen the commercial sector of the municipality by filling the vacant lot in an important shopping center in the Village with a high class tenant, that will in turn attract other new tenants to the Village; and

WHEREAS, the Project will enhance the tax base of the municipality by development of a vacant commercial parcel of land in the Shopping Center; and

WHEREAS, State Statute 65 ILCS 5/8-11-20 authorizes the Village to enter into economic incentive agreements subject to the Village making certain findings of fact; and,

WHEREAS, the Village has made the required findings of fact as set forth below.

NOW THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF VERNON HILLS, LAKE COUNTY, ILLINOIS, AS FOLLOWS:

SECTION 1: ECONOMIC INCENTIVE FINDINGS. Pursuant to 65 ILCS 5/8-11-20, the Village makes the following finding of facts:

1. The Shoppes of Gregg's Landing Shopping Center is currently developed with a retail shopping center and vacant land;
2. The Shopping Center is currently partially developed and the portion of the Shopping Center property that is the subject of this Agreement (as defined below) has remained vacant and undeveloped for at least two years;
3. The economic incentive program is expected to create and retain job opportunities within the municipality, by providing a quality retailer in the Shopping Center: Mariano's Fresh Market. Mariano's Fresh Market will create job opportunities lost to the Village. Further, a vibrant shopping center with Mariano's Fresh Market as one of its anchor tenants will substantially strengthen the remaining tenants' ability to economically survive in the Shopping Center;
4. The economic incentive agreement will provide a solid anchor tenant in the Shopping Center thereby serving to further the development of the Shopping Center and adjacent retail shopping areas;
5. Without this economic incentive agreement, the owner and developer have represented that it would not be able to attract Mariano's Fresh Market as a tenant in the Shopping Center;
6. Bradford Landing South 4 LLC and Bradford Landing South 3 LLC, the owner and developer of the lot on which Mariano's Fresh Market will be constructed, meets high standards of creditworthiness and financial strength as demonstrated by specific evidence of equity financing for more than 10% of the total project costs, or in a letter from a financial institution attesting to the financial strength of

- the developer, or by having a corporate debenture ratings of BBB or higher from Standard & Poor's Corp of Baa or higher from Moody's investor services;
7. Obtaining Mariano's Fresh Market as an anchor tenant in the Shopping Center will strengthen the commercial sector of the Village, given the fact that the Shopping Center is an important part of the retail shopping area in the Village.
 8. Constructing the Mariano's Fresh Market store in the Shopping Center will enhance the tax base of the Village and will help to restore the financial base of the Village.
 9. Entering into the economic incentive agreement is in the best interest of the Village.

SECTION II. AUTHORIZATION TO EXECUTE AGREEMENT. At such time as the Village receives a copy of the fully executed Roundy's Inc. lease (DBA Mariano's Fresh Market), the Village hereby authorizes the Village President and Village Clerk to execute the Economic Incentive Agreement (attached hereto as Exhibit "A") for portions of the Shoppes of Gregg's Landing Shopping Center in a form substantially similar to the copy attached, as more clearly depicted on the Site Plan of the Shopping Center (attached hereto as Exhibit "B").

SECTION III. SEVERABILITY. In the event that any section, clause, provision or part of this Ordinance shall be found and finally determined to be invalid by a Court of competent jurisdiction, all valid parts that are severable from the invalid parts shall remain in full force and effect. If any part of this Ordinance is found to be invalid in any one or more of its applications, all valid applications that are severable from the invalid applications shall remain in effect.

SECTION IV. REPEAL AND SAVINGS CLAUSE. All ordinances or parts of ordinances in conflict herewith are hereby repealed; provided, however, that nothing herein contained shall affect any rights, actions or causes of action which shall have accrued to the Village of Vernon Hills prior to the effective date of this ordinance.

SECTION V. EFFECTIVE DATE. This ordinance shall be in full force and effect from and after its passage, approval and publication in pamphlet form as provided by law.

SECTION VI. **ORDINANCE NUMBER.** This ordinance shall be known as
Ordinance Number 2010-051.

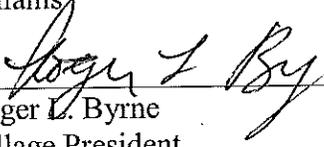
Adopted by roll call vote as follows:

AYES: 5 – Schwartz, Hebda, Koch, Marquardt, Schultz

NAYS: 0 – None

ABSTAIN: 0 - None

ABSENT AND NOT VOTING: 1 - Williams



Roger L. Byrne
Village President

PASSED: 8/31/2010

APPROVED: 8/31/2010

PUBLISHED IN PAMPHLET FORM: 9/09/2010

ATTEST:



Michael S. Allison
Village Manager/Clerk

EXHIBIT A

ECONOMIC INCENTIVE AGREEMENT

ECONOMIC INCENTIVE AGREEMENT BETWEEN
THE VILLAGE OF VERNON HILLS AND BRADFORD REAL ESTATE

This Agreement to promote economic development ("Agreement") is made and entered into as of this 1st day of September, 2010, by and between the Village of Vernon Hills, organized pursuant to and deriving its authority from the Illinois Municipal Code ("Village") and Bradford Landing South 4 LLC, an Illinois limited liability company ("Developer") and Bradford Landing South 3 LLC, an Illinois limited liability company, which companies are herein collectively called ("Contract Purchaser"). The Village, Developer, and Contract Purchaser are sometimes hereinafter referred to collectively as the "Parties" and individually as a "Party".

WITNESSETH

WHEREAS, this Agreement is entered into pursuant to the authority granted to municipalities pursuant to Section 65 ILCS 5/8-11-20 and other relevant provisions of the Illinois Municipal Code; and

WHEREAS, the pursuant to Section 65 ILCS 5/8-11-20, the Village makes the following findings:

- (1) The Shoppes of Gregg's Landing ("Shopping Center") is currently partially developed and the portion of the Shopping Center property that is the subject of this Agreement (as defined below) has remained vacant and undeveloped for at least two years.
- (2) The development of the proposed grocery store (the "Project") on the Property is expected to create job opportunities within the municipality.
- (3) The Project will serve to further the development of adjacent vacant outlots that are a part of the Shopping Center subdivision;

(4) Without this agreement, Developer and/or Contract Purchaser will not make the required on-site improvements to attract Mariano's Fresh Market and as a result the Project would not be possible;

(5) That the Developer and Contract Purchaser meet high standards of creditworthiness and financial strength as demonstrated by one or more of the following:

(A) corporate debenture ratings of BBB or higher by Standard & Poor's Corporation or Baa or higher by Moody's Investors Service, Inc.;

(B) a letter from a financial institution with assets of \$10,000,000 or more attesting to the financial strength of the developer; or

(C) specific evidence of equity financing for not less than 10% of the total project costs;

(6) The Project will strengthen the commercial sector of the municipality by filling the vacant lot in an important shopping center in the Village with a high class tenant, that will in turn attract other new tenants to the Village;

(7) The Project will enhance the tax base of the municipality by development of a vacant commercial parcel of land in the Shopping Center; and

(8) The agreement is made in the best interest of the municipality.

WHEREAS, the Property subject to this Agreement consists of the approximately six (6) acres of property located directly north of the Lowe's store and is legally described on Exhibit "A" attached hereto and made a part hereof as more clearly identified in the shaded areas of the site plan for the Shopping Center attached as Exhibit "B". The Shopping Center is located at the southwest corner of Route 21 and Gregg's Parkway in the Village of Vernon Hills; and

WHEREAS, Bradford Landing South 3 LLC, an Illinois limited liability company, is the contract purchaser of the Property, and upon acquisition of the Property will ground lease the Property to Bradford Landing South 4 LLC, an Illinois limited liability company; and

WHEREAS, Bradford Landing South 4 LLC, an Illinois limited liability company desires to execute a Lease with Roundy's Supermarkets, Inc. ("Roundy's") for the purpose of opening a grocery market, as more clearly defined hereinafter, under a trade name of its choosing, initially proposed as Mariano's Fresh Market (sometimes hereinafter referred to as the "Grocery Store" as hereinafter defined) on the Property; and

WHEREAS, Developer proposes to construct the necessary on-site improvements including required above and below ground improvements, parking lots including lighting and landscaping throughout the site, and an approximately 70,000 sq ft building for the Store ("Developer's Work"); and

WHEREAS, Roundy's intends to occupy the new building in the Shopping Center; and

WHEREAS, the new building and use will increase the sales tax generated by the Shopping Center to the benefit of the Village and create job opportunities in connection with the construction of the various site and building improvements together with opening a new store within the Shopping Center; and

WHEREAS the introduction of this Grocery Store will provide new job opportunities in connection with the retail sales operation, many of which jobs may be filled by Village residents; and

WHEREAS, the introduction of this retail Store will further promote the economic development of the Property by providing it with another viable anchor and further strengthen the retail shopping base in the Shopping Center and in the Village as a whole; and

WHEREAS, the costs of constructing the necessary above and below ground improvements and the new 70,000 sq ft building within the Shopping Center makes the Project economically undesirable without the economic incentives provided for herein; and

WHEREAS, the Village has examined the creditworthiness of Developer pursuant to the requirements of 65 ILCS 5/8-11-20 (6) (c) and determined that it meets the standards of creditworthiness and financial strength; and

WHEREAS, the Village has examined the sales tax projections for the proposed Grocery Store and concluded that the sales taxes generated will enhance the Village's tax base; and

WHEREAS, the Mayor and Village Board, after considering all the evidence, have determined that this Agreement is in the best interests of the Village and its residents.

NOW THEREFORE, the Parties hereby covenant and agree as follows:

1. **Recitals.** The foregoing Recitals are hereby incorporated herein as if set forth herein.
2. **Developer Agreement to Lease to Roundy's Supermarkets, Inc. and to Construct the Necessary On-Site Improvements for the Purpose of Opening the Grocery Store.** Developer shall lease the new building space and related common area to Roundy's ("the Roundy's Lease") and Developer shall construct the necessary on-site improvements for the purpose of enabling Roundy's to open a Grocery Store. The Grocery Store shall consist of approximately seventy thousand (70,000) square feet of retail sales and stockroom area and shall open and operate initially as a "Mariano's Fresh

Market". If at some time in the future, after the opening, Roundy's makes a corporate decision to operate its Fresh Market concept under a different trade name, this Agreement shall remain in effect so long as the operation is a fresh market grocery with inventory categories generally as presented at the Mariano's Fresh Market in Arlington Heights, Illinois as of the date hereof, or similar to Whole Foods and/or Sunset Foods, which shall specifically include, without limitation, a wide variety of foods including many ethnic brands; specialty health items: organic foods; fresh fish; all-natural beef; locally baked bread; and a wide selection of cheeses, beer, wine, liquor and coffee. All of the above shall constitute and be included in the defined term "Grocery Store".

This Agreement and the payments contemplated under this Agreement are subject to the condition that Roundy's operates the Grocery Store as described above under a trade name associated with Roundy's on the Property for not less than thirty (30) days after the opening to the public. If operations at the Grocery Store close, once the Grocery Store reopens, the foregoing operating contingency shall be satisfied if the Grocery Store is operated by any entity under any trade name, in whole or in part, as a Grocery Store as defined more specifically above.

3. Developer's Construction for the Grocery Store. Developer agrees to exercise its diligent efforts to complete the required on-site improvements and building on or before September 1, 2011, with the right of the Developer to obtain an extension to December 31, 2011 if Developer has diligently pursued construction upon acquisition of the Property, subject to an additional right to extension for force majeure only.

Developer shall provide the Village with a fully executed copy of the Roundy's Lease for the Grocery Store. The Village agrees to treat the lease as confidential commercial and

financial information obtained from a business under the claim that the lease is is proprietary, privileged and confidential and that disclosure of the lease would cause competitive harm to Roundy's, all pursuant to the Illinois Freedom of Information Act 5 ILCS 140/7 (g).

4. **Term.** The obligation of the Village to provide sales tax sharing with Developer is conditioned upon the following: 1) Developer providing the Village with a fully executed copy of the Roundy's Lease as indicated herein; 2) Roundy's execution of the Lease or separate guarantee of the Lease; and 3) Roundy's opening the Grocery Store for business to the public, so long as Roundy's keeps the Grocery Store open for a period of at least thirty (30) days thereafter. In the event that the Grocery Store closes and the use is replaced with a non-Grocery Store use, this Agreement may, in the sole discretion of the Village, continue if, within fifteen (15) months after the Grocery Store closes its store, Developer has a Replacement Tenant (hereinafter defined) who is prepared to open for business in the space formerly occupied by the Grocery Store. A Replacement Tenant is defined as a tenant that, in the reasonable judgment of the Village, is a tenant of comparable quality and which is expected to be of comparable sales generating ability as the Grocery Store.

5. **Building Plans.** Developer shall pay the required permit fees and submit to the Village its construction documents ("Plans") consistent with the applicable ordinances and regulations of the Village for the purpose of obtaining a building permit.

6. **Sales Tax Sharing.** In order to make operating the Grocery Store on the Property economically feasible, including the construction of the new building, a portion of the State Sales Tax Revenue (as defined below) generated from the Grocery Store and any

expansion thereof or generated by a Replacement Tenant shall be rebated by the Village to Developer pursuant to the statutory authority granted the Village.

a. It is the intention of the Developer to locate the Grocery Store as shown on the Site Plan. In the event that the Grocery Store use closes Center for any reason, a Replacement Tenant may seek to locate in the Grocery Store, provided that in order to continue receiving the Sales Tax Rebate from the Grocery Store space, the Village must approve the Replacement Tenant and the Replacement Tenant must lease and utilize not less than fifty thousand square feet (50,000) of the Grocery Store space. If any Replacement Tenant locates within the Grocery Store space and said Replacement Tenant closed another store doing business within the Village prior to or after relocating into the Grocery Store space (any such tenant closing another store in the Village hereinafter referred to as a "Relocated Tenant") then the Village shall not rebate any sales tax generated by a Relocated Tenant from within the Grocery Store space.

b. The total sales tax payments to be rebated shall not exceed an amount equal to the sum of (i) Nine Hundred Fifty- Five Thousand Dollars (\$955,000), herein called the "Base Rebate Amount), plus (ii) an amount calculated annually (herein called the "Additional Rebate Amount") equal to the unpaid Base Rebate Amount multiplied by a fraction the numerator of which is 5 and the denominator of which is 100 (the "Fraction Factor"). The "Additional Rebate Amount", together with the Base Rebate Amount are herein collectively called the "Sales Tax Rebate Amount".

[For the avoidance of doubt, the following mathematical example is provided for clarification and assumes in this hypothetical example that the Developer will be paid \$120,000 as its 37% share of Sales Tax Revenue at the end of the first year. This example

assumes \$32,432,300 in taxable sales were generated resulting in Sales Tax Revenue to the Village of \$324,323.

The calculation of the Additional Rebate Amount shall be done each year. For purposes of this mathematical example, the first year the Additional Rebate Amount shall be \$47,750, (\$955,000 multiplied by 5/100), the full available Sales Tax Rebate amount shall be \$1,002,750 (\$955,000 + \$47,750). Assuming the annual local Sales tax Revenue of \$324,323 is generated from the project, the Developer will be paid \$120,000 being its 37% share of Sales Tax Revenue. For the second year, the Sales Tax Rebate Amount shall be reduced by the \$120,000.00 payment of Sales Tax Revenue paid to Developer. The resulting difference of \$882,750 would then be multiplied by the Fraction Factor and the result of \$44,137.50 would be added to the remaining Sales Tax Rebate Amount (\$882,750 + \$44,137.50) which would then be \$926,887.50 for the second year. The example contained herein is for illustrative purposes only. While the mathematical example is consistent with how the calculations will be made to determine the Sales Tax Rebate Amount, the frequency of payment of the sales tax rebates shall be pursuant to Section 8 of this Agreement.]

The base rebate amount of \$955,000.00 was calculated by determining the net present value of the rebated sales tax payments discounted at the rate of 5% measured for the 15 year period commencing the first day of the month after the Grocery Store opens. The Village agrees to review payments of the Sales Tax Rebate Amount in years 6 and 11 of the term. If it is reasonably determined by the Parties that the Sales Tax Rebate Amount will not be fully paid by the 15th year, the Village shall elect in its sole discretion

to either increase the percentage of the Sales Tax Rebate or to extend the term of this Agreement.

c. The Village acknowledges that Developer intends to request certain required zoning approvals for the Shopping Center in order to accommodate the required site improvements and new building to be requested for the Grocery Store. The Parties acknowledge that Developer, as owner, is required to seek Zoning Approvals to allow for the desired site improvements and new building.

d. The Plans shall include but not be limited to: i) plans relating to the proposed site, landscaping for the entire site including berm and building elevations; ii) hardscape plans including but not limited to walkways, planters, benches and trash cans for the new building; iii) new site photometric plans for the proposed parking lot site lighting; iv) material sample boards for the exterior of the new building; v) the proposed signage for the new building and panels on the existing multi-tenant monument signs located at the entrances of the Shopping Center; vi) preliminary engineering plans; vii) plat of resubdivision. This information shall be submitted by Developer as part of the Village review of the Grocery Store plans and Zoning Approvals requested.

e. The Village agrees to consider the required Zoning Approvals for the Shopping Center and to process the applications as expeditiously as possible. The decision to grant or deny Zoning Approvals can only be made after the required public hearing, and review by the Village Board, and this Agreement is subject to that approval.

7. Rebate of Sales Tax Revenue and Outlot Restriction. The obligation of the Village to rebate Sales Tax Revenue (as defined below) pursuant to the terms and conditions of this Agreement shall commence on the first day of the month following the

date that the Grocery Store opens (so long as the Grocery Store remains open for a period of at least thirty (30) days thereafter) with the Sales Tax Revenue proceeds first received by the Village from the State of Illinois following the date taxable sales begin at the Store. Such date shall be referred to as the "Effective Date". The Parties acknowledge that the initial year of this Agreement shall consist of twelve (12) full calendar months, which may or may not be a calendar year. Thereafter, "Annual Sales" periods will consist of twelve (12) full calendar months. Such rebates will continue for each twelve-month period thereafter, utilizing the formula shown in the following schedule:

Sales Tax Revenue Distribution Formula

Years	Share of Sales Tax to be Distributed to Developer
Years 1 through 15	37% of the Sales Tax Revenue (as defined below) generated from the Property.

Notwithstanding anything herein to the contrary, the Developer shall not request and the Village shall not grant any sales tax sharing on any of the outlots in the Shoppes of Gregg's Landing subdivision.

8. Method/Time of Payment. After the Effective Date, the Village shall make sales tax rebates to Developer of any amount due within sixty (60) days of receipt by the Village from the State of the report of sales taxes generated from the Grocery Store (which receipt is currently on a three month basis) ("Sales Tax Report").

Payment by the Village shall be accompanied by a copy of the Sales Tax Report and a statement executed by an officer of the Village setting forth the calculation of such payment. The payments to Developer pursuant to the provisions contained in Paragraph 7 shall be based only on actual cash receipts by the Village of its share of

sales tax revenues collected from the Property by the State of Illinois. In the event there is a discrepancy between the sales amounts reported on the Property's sales tax reports and the cash receipts amount received by the Village from the State of Illinois, the Village agrees to promptly investigate and, if appropriate, correct the error. There shall be no prepayment penalty in the event the Village elects to accelerate payments to the Developer. The term "Sales Tax Revenue" used herein shall refer only to the Village's share of the State of Illinois' Retailers' Occupation Tax collected by the Illinois Department of Revenue, paid by and shown on a filed tax return of the tenants on the Property ("State Sales Tax"). The parties acknowledge that at some time in the future it is conceivable that in the event that the Village achieves home rule status, the Village may adopt a home rules sales tax. It is also conceivable that at some time in the future the Village may adopt a business district tax that includes this property. In the event either or both occur, neither of the taxes will be included within this economic incentive agreement and none of those taxes will be used to make the payments required by this Agreement.

9. **Changes in Law.** The Parties acknowledge that the agreement to distribute State Sales Tax Revenues as herein provided is predicated on existing law in the State of Illinois providing for the payment to Illinois municipalities of one percent (1%) of taxable retail sales within each such municipality. The General Assembly of the State of Illinois, from time to time, has considered modifying or eliminating the distribution of State sales tax revenues to Illinois municipalities. The Parties desire to make express provision for the effect that such a change in state law would have upon the operation of this Agreement. Accordingly, the Parties agree that should the Illinois

General Assembly hereafter and during the term of this Agreement eliminate the distribution of State sales tax revenues to Illinois municipalities, the Village shall not under any circumstances, be required to impose a municipal sales tax or other tax for the purpose of providing a source of funds for the eliminated State sales tax distribution, nor shall it be obligated to rebate any taxes to Developer.

10. Proof of Payment. Developer agrees to make a requirement of the Roundy's Lease, and any Replacement Tenant's lease, that Roundy's and/or the Replacement Tenant shall execute an Illinois Department of Revenue Form entitled "Authorization to Release Sales Tax Information to Local Governments" to permit the Illinois Department of Revenue to disclose to the Village the Village's share of sales tax received from the Grocery Store or Replacement Tenant signing said form and to furnish such other consents or waivers as may be required by the Illinois Department of Revenue to allow the Illinois Department of Revenue to furnish to the Village sales tax information concerning the Grocery Store business or Replacement Tenant business on the Property. Failure of the Roundy's or Replacement Tenant to furnish said Authorization form to the State shall release the Village from its duty to share sales tax revenues for the Grocery Store or Replacement Tenant until said form is furnished to the state. Upon furnishing said Authorization form to the state, sales tax sharing shall commence. The Village may disclose information relating to proof of payment to the extent that, in the reasonable opinion of the Village's legal counsel, it is legally required to be disclosed. The Village shall notify Developer and Roundy's within a reasonable time prior to disclosure and shall allow Roundy's and Developer a reasonable opportunity to seek appropriate protective measures (subject to the disclosure requirements of the Illinois Freedom of

Information Act). Quarterly, to the extent permitted by law, the Village shall provide Developer with sufficient information to verify the amount of sales tax collected by the Village and attributable to sales by the Grocery Store. If Developer has good cause to believe that the Village has under-reported sales tax revenues collected by the Village and attributable to sales by the Grocery Store, or Replacement Tenant, then, in such case, Developer may retain an independent auditor, at Developer's, sole cost and expense, to verify such sales tax revenues so collected. In the event that such independent auditor determines that there is a discrepancy in sales tax revenues reported with respect to gross sales, of more than four (4%) percent, then the amount of the sales tax rebates payable to Developer as a result of the discrepancy and all direct and reasonable costs and expenses incurred by Developer to retain the independent auditor to conduct the sales tax audit shall be promptly reimbursed to Developer by the Village. In the event that the Village shall provide Developer with sufficient information to verify that the amount of such sales tax rebate exceeded the amount which Developer was entitled to under this Agreement ("Excess Payment"), then Developer shall promptly refund the Excess Payment to the Village and if not promptly refunded by Developer then the Village may offset the Excess Payment against any future sales tax rebates payable to Developer.

11. **Abatement of Payment.** The obligation of the Village to make any rebates under this Agreement shall be abated during any period of time in which Developer is not in material compliance after notice with each and every material covenant of this Agreement, including, without limitation, the construction of the on-site improvements and new Grocery Store and exterior site improvements substantially in accordance with the construction documents approved by the Village and in accordance with any

applicable Village codes and ordinances and applicable state law. The Village shall give prompt notice to Developer specifying with particularity any claim that the Village may have that Developer is not in material compliance with any material covenant of this Agreement so as to permit Developer to cure any such failure of material compliance and upon such cure the obligation of the Village to make rebates shall resume. In the event Developer fails to cure within forty-five (45) days, then Developer shall be in default of this Agreement and sales tax rebate payments shall terminate, provided, however, that with respect to any cure not relating to the payment of money that is not reasonably able to be cured within said 45 day period, Developer shall not be in default of this Agreement if Developer commences such cure within said 45 day period and thereafter proceeds with due diligence to complete said cure on or before ninety (90) days after receipt of the foregoing notice from the Village.

12. **Final Utilization of Economic Development Incentive.** Both Developer and the Village agree that this Agreement will result in substantially increased utilization of the Property to the benefit of both the Village and Developer. Both parties agree that upon payment of the sums stipulated in this Agreement unless otherwise provided in writing between the parties, there will be no further extension or amendment of this Agreement. More specifically, the Developer shall not request and the Village shall not grant any sales tax sharing agreement on any of the outlots in the Shoppes of Gregg's Landing. The Village acknowledges that the economic incentive provided to Developer hereunder is a material inducement to Developer in improving the Property.

13. **Term of Agreement.** It is understood that this Agreement shall be effective as of the date the Grocery Store opens for business to the general public so long as the Grocery

Store remains open for a period of more than thirty (30) days after it opens for business.

This Agreement shall remain in full force and effect thereafter until it terminates pursuant to its terms. The delivery to Developer of an ordinance approving this Agreement is the Village's warranty that the subject Agreement has been duly approved and is enforceable against the Village in accordance with the terms herein contained. Developer understands and agrees that the provisions of this Agreement shall be a matter of public record, as shall any payments to Developer pursuant to this Agreement.

14. Developer Warranties. During the term of this Agreement, Developer warrants that all on-site and off-site improvement expense related to this remodeling shall be the responsibility of Developer and the Village shall have no financial responsibility for such expenses.

15. Further Assurances. In addition to the acts and deeds recited herein and contemplated to be performed by the Parties, each Party agrees to perform such acts as may be reasonably necessary to consummate the terms of this Agreement.

16 Limitation of Liability. As consideration for the execution of this Agreement by the Village, Developer hereby waives and releases forever any recourse under and upon any obligation, covenants or agreement of this Agreement, or for any claim based thereon or otherwise in respect thereof, against the Village's corporate officials, its officers, Village attorney and employees in any amount, and no liability, right or claim, at law or in equity, shall attach to or shall be incurred by the Village's corporate officials, its officers, Village attorney and employees on account of this Agreement.

17. Notices. Any notices required in this Agreement shall be effective when in writing in three (3) days after mailing by certified mail, return receipt requested, or on the

next business day by delivering the same in person or to an officer of such party or by prepared telegram or private overnight courier, when appropriate, addressed to the party so notified.

All notices to the Village to be sent to:

Village of Vernon Hills
290 Evergreen Drive
Attention: Village Manager

With copies to:

Village of Vernon Hills
290 Evergreen Drive
Attention: Village Clerk

With copies to:

Schain, Burney, Banks & Kenny
70 W. Madison Street, 45th Floor
Chicago, IL 60602
Attention: Robert C. Kenny

All notices to the Developer to be sent to:

Bradford Real Estate Services, Inc.
10 S Wacker Drive
Suite 2935
Chicago, IL 60606
Attn: Steve Pagnotta

With copies to:

Foley & Lardner, LP
321 N. Clark Street
Suite 2800
Chicago, IL 60654
Attn: Elizabeth L. Corey

or to such other addresses as a party may designate for itself by notice given from time to time to the other parties in the manner provide herein.

18. **Parties Bound.** The Agreement shall be binding upon and inure to the respective legal representatives, successors, and assigns of the Parties.

19. **Prevailing Law.** This Agreement shall be governed; construed and enforced in accordance with the laws of the State of Illinois and the Parties covenant that venue shall be exclusively in the Circuit Court of the 19th Judicial Circuit, Lake County, Illinois.

20. **Breach.** Upon a breach of this Agreement, either of the Parties, by an action or proceedings, at law or in equity, may in addition to exercising any and all remedies available at law or in equity, secure the specific performance of the covenants and agreements herein contained. However, the Village's right to specific performance shall not include the right to require that the Store remain open.

21. **Invalidity and Waiver.** If any portion of this Agreement is held invalid or inoperative, then so far as is reasonable and possible, the remainder of this Agreement shall be deemed valid and operative, and effect shall be given to the intent manifested by the portion held invalid or inoperative. The failure by either party to enforce against the other any term or provision of this Agreement shall be deemed not to be a waiver of such party's right to enforce against the other party the same or any other such term or provision.

22. **Term.** Unless earlier terminated pursuant to the terms of this Agreement, this Agreement shall terminate fifteen (15) years from the Effective Date of this Agreement.

23. **Assignment.** Developer shall have the right to assign payments under this Agreement, in whole or in part, without approval of the Village to any affiliate of Developer which is controlled by either Steven Pagnotta or Jay Eck and is owned in the aggregate of 51% by any combination of Steven Pagnotta and Jay Eck. Subject to the

Village's prior written approval, which approval shall not be unreasonably withheld, Developer shall have the right to assign the benefits of this Agreement to any person or entity acquiring Developer's interest in the Property. Any proposed assignee of any of Developer's obligations under this Agreement shall have the qualifications, financial ability, reputation and character necessary, adequate and desirable, in Village's reasonable judgment, to fulfill these obligations. The proposed assignee shall execute an assumption and assignment agreement agreeing to adhere to the terms and conditions of this Agreement, as they apply to said assignee, shall execute an Illinois Department of Revenue Form entitled "Authorization to Release Sales Tax Information to Local Governments" to permit the Illinois Department of Revenue to disclose to the Village the Village's share of sales tax received from the tenant signing said form, shall furnish such other consents or waivers as may be required by the Illinois Department of Revenue to allow the Illinois Department of Revenue to furnish to the Village sales tax information concerning the tenants' respective businesses on the Property, and shall submit such information, including financial information, as may be requested by the Village. Before any permissible assignment shall be of any force and effect, Developer shall give notice of such proposed assignment to the Village, and the Village Board shall have thirty (30) days to accept or reject such assignee in the exercise of its reasonable judgment. In the event the Village rejects such assignee, the Village shall state the reasons therefore. If the Village does not respond to the notice of such intended assignment within such thirty-day (30) period, such assignment shall be deemed to have been denied.

24. Prevailing Wage Laws. Pursuant to Illinois state statute, the Developer shall comply with the prevailing wage laws, which require all projects that receive

governmental funding to comply with the requirements, including but not limited to the reporting requirements, of the Illinois Prevailing Wage Act. Payments by the Village to the Developer shall not be made until full compliance with the Prevailing Wage Act has been achieved.

25. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one document. The signature of any party to any counterpart by electronic (scanned) signature or facsimile thereof may be appended to any other counterpart and when so appended shall constitute an original signature.

IN WITNESS WHEREOF, this Agreement has been duly authorized by the Village Board and by the Managing Member of Bradford Real Estate as of the date and year first above stated.

VILLAGE: Village of Vernon Hills,
an Illinois municipal
corporation

DEVELOPER:

By: *Roger J. Ray*
Its: Mayor

By: _____
Its: Managing Member

Attest:

By: *[Signature]*
Its: Village Clerk



STATE OF ILLINOIS)

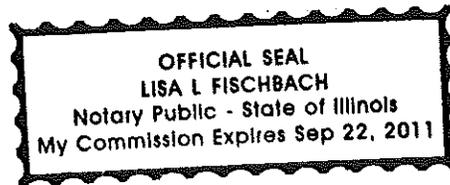
) ss.

COUNTY OF LAKE)

I, LISA L. FISCHBACH, a Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY THAT Roger L. Byrne, the Mayor of the Village of Vernon Hills, an Illinois municipal corporation, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Mayor, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act, and as the free and voluntary act of said municipal corporation for the uses and purposes therein set forth.

Given under my hand and notarial seal this 15th day of September, 2010.

Lisa L. Fischbach
Notary Public
My Commission Expires: 9/22/11



STATE OF ILLINOIS)

) ss.

COUNTY OF)

I, _____, a Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY THAT, _____ personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Managing Member, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act, and as the free and voluntary act of said limited liability company for the uses and purposes therein set forth.

Given under my hand and notarial seal this ___ day of _____, 2010.

Notary Public
My Commission Expires: _____

governmental funding to comply with the requirements, including but not limited to the reporting requirements, of the Illinois Prevailing Wage Act. Payments by the Village to the Developer shall not be made until full compliance with the Prevailing Wage Act has been achieved.

25. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one document. The signature of any party to any counterpart by electronic (scanned) signature or facsimile thereof may be appended to any other counterpart and when so appended shall constitute an original signature.

IN WITNESS WHEREOF, this Agreement has been duly authorized by the Village Board and by the Managing Member of Bradford Real Estate as of the date and year first above stated.

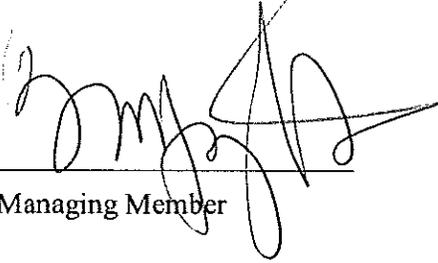
VILLAGE: Village of Vernon Hills,
an Illinois municipal
corporation

DEVELOPER:

By: _____

Its: Mayor

Attest:

By:  _____

Its: Managing Member

By: _____

Its: Village Clerk

STATE OF ILLINOIS)
) ss.
COUNTY OF LAKE)

I, _____, a Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY THAT Roger L. Byrne, the Mayor of the Village of Vernon Hills, an Illinois municipal corporation, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Mayor, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act, and as the free and voluntary act of said municipal corporation for the uses and purposes therein set forth.

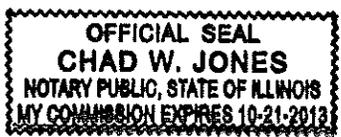
Given under my hand and notarial seal this ___ day of _____, 2010.

Notary Public
My Commission Expires: _____

STATE OF ILLINOIS)
) ss.
COUNTY OF)

I, CHAD W. JONES, a Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY THAT, STEVEN M. PAGUOTTA personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Managing Member, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act, and as the free and voluntary act of said limited liability company for the uses and purposes therein set forth.

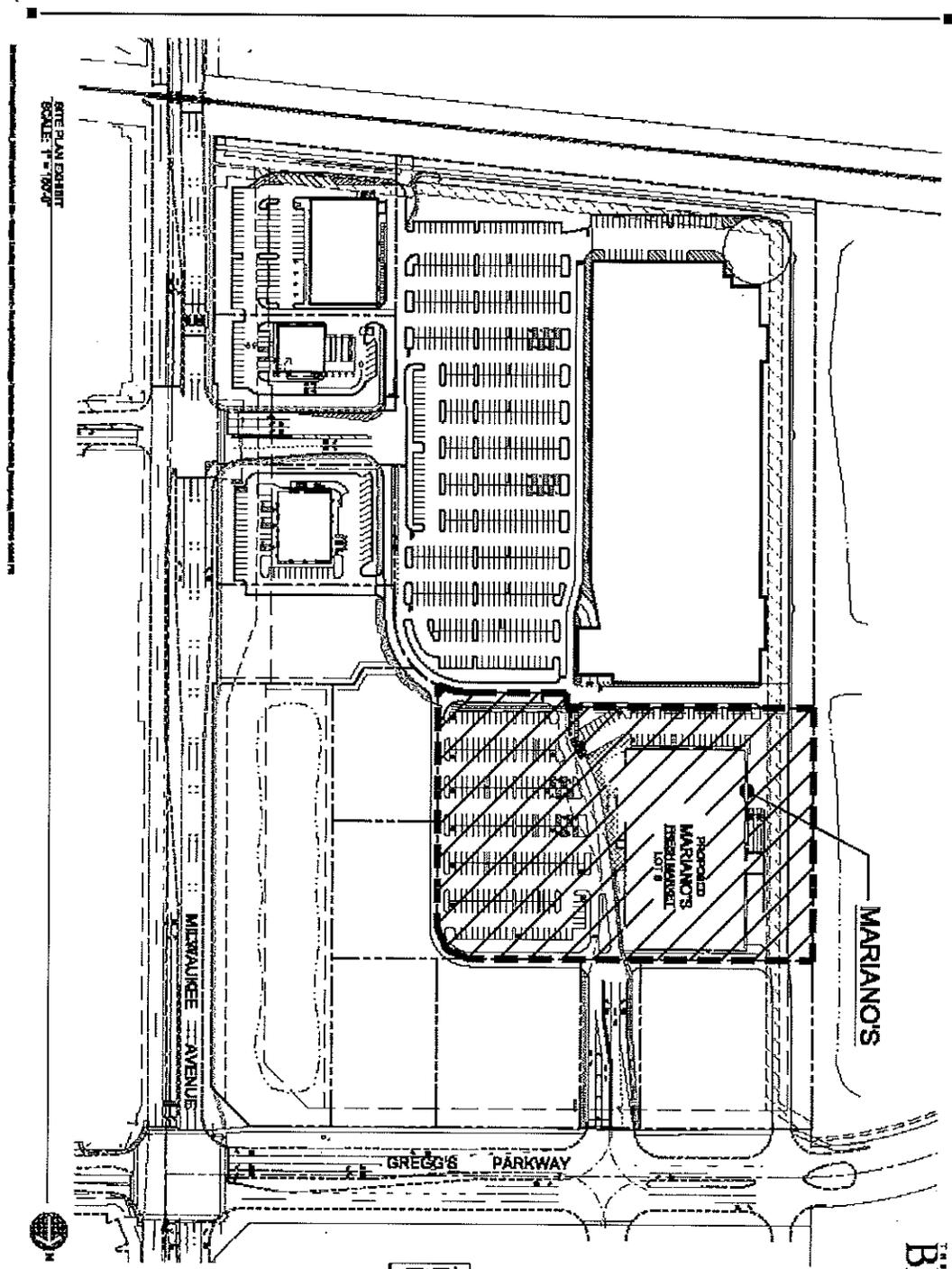
Given under my hand and notarial seal this 31st day of August, 2010.



[Signature]
Notary Public
My Commission Expires: 10/21/2013

EXHIBIT A

Lot 6 in the Plat of Resubdivision of Lots 6 and 7 of The Shoppes at Gregg's Landing Subdivision being a subdivision of Part of Sections 28 and 33, Township 44 North, Range 11, East of the Third Principal Meridian according to the Plat recorded 9-10-10 as Document Number 6642615 in Lake County, Illinois.



SITE PLAN EXHIBIT
SCALE: 1" = 100'

MARIANOS

Proposed
MARIANOS
RESTAURANT
LOT # 1

GREG'S PARKWAY

MILWAUKEE AVENUE

BRADFORD
STATE FURNITURE COMPANY, INC.

10 South Webster Dr.
Chicago, IL 60605
P. 312/778-4075
F. 312/778-4075



24 SHOPPERS & GREGORY LANDING
VERNON HILLS, ILLINOIS
SITE PLAN EXHIBIT - B
DATE: AUGUST 23, 2010
1 of 1

EXHIBIT B

SITE PLAN OF THE SHOPPING CENTER AND ELIGIBLE PROPERTY

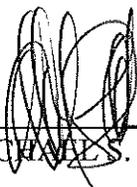
STATE OF ILLINOIS)
)
COUNTY OF LAKE)

CERTIFICATE

I, MICHAEL S. ALLISON, CERTIFY THAT I AM THE DULY APPOINTED AND ACTING VILLAGE CLERK OF THE VILLAGE OF VERNON HILLS, LAKE COUNTY, ILLINOIS. I FURTHER CERTIFY THAT ON AUGUST 31, 2010, THE CORPORATE AUTHORITIES OF SUCH MUNICIPALITY PASSED AND APPROVED ORDINANCE 2010-051, AN ORDINANCE APPROVING AN ECONOMIC INCENTIVE AGREEMENT FOR A PORTION OF VACANT PROPERTY COMMONLY KNOWN AS THE SHOPPES OF GREGG'S LANDING LOCATED AT THE INTERSECTION OF GREGG'S PARKWAY AND MILWAUKEE AVENUE

THE PAMPHLET FOR ORDINANCE NO. 2010-051, INCLUDING THE ORDINANCE AND A COVER SHEET THEREOF WAS PREPARED, AND A COPY OF SUCH ORDINANCE WAS POSTED IN THE VILLAGE HALL, COMMENCING SEPTEMBER 9, 2010 AND CONTINUING FOR AT LEAST TEN DAYS THEREAFTER. COPIES OF SUCH ORDINANCE WERE ALSO AVAILABLE FOR PUBLIC INSPECTION UPON REQUEST IN THE OFFICE OF THE VILLAGE CLERK.

DATED IN VERNON HILLS, ILLINOIS, THIS 9th DAY OF SEPTEMBER 2010.



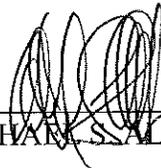
MICHAEL S. ALLISON, VILLAGE CLERK

SEAL

AFFIDAVIT OF SERVICE

STATE OF ILLINOIS)
)
COUNTY OF LAKE)

I, MICHAEL S. ALLISON, BEING FIRST DULY APPOINTED, DEPOSES AND SAYS ON OATH THAT AS VILLAGE CLERK OF THE VILLAGE OF VERNON HILLS, HE DID CAUSE THE FOREGOING CERTIFICATE FOR ORDINANCE 2010-051, AN ORDINANCE APPROVING AN ECONOMIC INCENTIVE AGREEMENT FOR A PORTION OF VACANT PROPERTY COMMONLY KNOWN AS THE SHOPPES OF GREGG'S LANDING LOCATED AT THE INTERSECTION OF GREGG'S PARKWAY AND MILWAUKEE AVENUE



MICHAEL S. ALLISON, VILLAGE CLERK

SUBSCRIBED AND SWORN to Before
Me this 9th day of September, 2010



Notary Public

