

**MEMORANDUM OF AGREEMENT
DATED DECEMBER 14, 1993
AMONG
THE CITY OF CHICAGO, ILLINOIS
THE ILLINOIS STATE HISTORIC PRESERVATION OFFICER,
THE U.S. DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT, REGION V, THE ADVISORY
COUNCIL ON HISTORIC PRESERVATION AND
WESTSIDE AFFORDABLE HOUSING LIMITED PARTNERSHIP
WITH REGARD TO
THE HOMAN SQUARE PROJECT
CHICAGO, ILLINOIS**

WHEREAS, the City of Chicago, Illinois (hereinafter referred to as the "City"), has determined that the construction of the Homan Square development on the site of the former Sears, Roebuck and Co. (hereinafter referred to as "Sears") headquarters, a development (as further described in Attachment "A" attached hereto and made a part hereof) located on approximately 55 acres of property on Chicago's West Side within the area depicted on the Site Plan reflected on Exhibit A and made a part hereof (hereinafter referred to as the "Project" or "Homan Square"), with proposed financial assistance from the HOME and CDBG programs of the Department of Housing and Urban Development (hereinafter referred to as "HUD") and potential other federal or state funds for infrastructure and other Project improvements, will or may have an adverse effect on Historic Properties (hereinafter defined) listed on the National Register of Historic Places and designated as a National Historic Landmark and, therefore, has consulted with the Illinois State Historic Preservation Officer (hereinafter referred to as the "SHPO") and the Advisory Council on Historic Preservation (hereinafter referred to as the "Council") pursuant to 36 CFR Part 800, the regulations implementing Section 106 of the National Historic Preservation Act (16 U.S.C. 470f); and

WHEREAS, the four historic properties that will or may be affected by the Project (hereinafter referred to collectively as the "Historic Properties" and individually as an "Historic Property") are the Sears Catalog Building (hereinafter referred to as the "Catalog Building"), the Sears Administration Building (hereinafter referred to as the "Administration Building"), the Sears Merchandise Development and Laboratory Building (hereinafter referred to as the "Merchandise Building"), and the Sears Power Plant (hereinafter referred to as the "Power Plant") (all of which are identified on Exhibit B attached hereto and made a part hereof); and

WHEREAS, the City has determined, and the other parties to this Agreement concur, that the Sears Spaulding Building, the Sears Allstate Building, the Sears Parking Structure, the Sears Shipping and Receiving Building and the Sears Exhibit and Display Building located within Homan Square, and the existing residential area surrounding Homan Square bounded by Harrison Street, Kedzie Avenue, Polk Street and Independence Boulevard (all of which are identified on Exhibit C attached hereto and made a part hereof) are neither included in nor eligible for inclusion in the National Register of Historic Places; and

WHEREAS, the City has determined and Westside concurs, that the Chicago Park District Natatorium and the Chicago Water Pumping Station both located outside of the boundaries of Homan Square on Fillmore Street (which structures are identified on Exhibit B) will not be adversely affected by or incorporated in the Project; and

WHEREAS, Westside Affordable Housing Limited Partnership, through its not-for-profit general partner, Westside Affordable Housing, Inc. (hereinafter referred to as "Westside"), the developer of the Project, participated in the consultation and has been invited to concur in this Memorandum of Agreement (hereinafter referred to as the "Agreement"); and

WHEREAS, the Region V Office of HUD (hereinafter referred to as "HUD-V") has been invited to concur in this Agreement solely with respect to Stipulation XIV.C.

NOW, THEREFORE, the City, the SHPO and the Council agree, and Westside concurs, that the Project shall be implemented in accordance with the following stipulations and foregoing clauses in order to take into account the effect of the Project on the Historic Properties and to satisfy the City's Section 106 responsibilities for all aspects of the Project.

Stipulations

The City, in consultation with Westside, will ensure that the following stipulations are implemented:

I. DEMOLITION AND RECORDATION OF THE CATALOG BUILDING

A. Pursuant to the Case Report to the Advisory Council on Historic Preservation Regarding the Homan Square Project dated September 15, 1993 submitted by the City's Department of Planning and Development and the supporting consultant reports attached thereto, it is determined that the Catalog Building is functionally obsolete and economically unfeasible for reuse for industrial, retailing, office, residential or institutional uses and

Westside may proceed with the demolition of Catalog Building consistent with the provisions of this Agreement.

B. Westside may proceed to demolish the Catalog Building except for the 13-story tower section of the Catalog Building (hereinafter referred to as the "Tower"). Westside agrees to preserve the Tower in accordance with Stipulation IV. Within 30 days of the execution of this Agreement, Westside shall provide the SHPO with preliminary plans for the protection and stabilization of the Tower during the demolition of the Catalog Building. Westside shall consult with the SHPO in the finalization and implementation of such plans. To the extent the Tower is damaged during the demolition of the Catalog Building, such damage shall be repaired promptly upon the completion of the Catalog Building demolition.

C. Prior to the demolition of the Catalog Building pursuant to Stipulation I.B., Westside in consultation with the City shall ensure that documentation in accordance with National Park Service (NPS), Historic American Buildings Survey (HABS)/Historic American Engineering Record (HAER) standards is completed and provided to the Denver regional office of the National Park Service and such documentation is accepted in writing by said regional office. Copies of the documentation that is submitted to the National Park Service, including original photographs, shall be made available to the SHPO.

II. INTERPRETATIVE EXHIBIT

Westside shall prepare and implement plans for an interpretative exhibit of the Sears Roebuck & Co. National Historic Landmark. The plans shall be subject to the review and comment process established by Stipulation III.B. and the dispute resolution process established by Stipulation VIII. In conjunction with the preparation of such plans, the public shall be provided an opportunity to submit comments and recommendations at a public meeting as set forth in Stipulation VII.

III. REHABILITATION OF HISTORIC PROPERTIES

A. Plans and Specifications.

Any renovation or rehabilitation activities and the plans and specifications associated therewith which may be proposed for any Historic Property and which would impact either (a) the exteriors of such Historic Property, or (b) material features of internal common areas of the Administration Building (as hereinafter described) (hereinafter referred to as "Rehabilitation"), shall be developed to be sensitive to the historic and architectural characteristics of the Historic Property and to be consistent with the recommended approaches in The Secretary of Interior's Standards for Rehabilitation and Guidelines for

Rehabilitating Historic Buildings (hereinafter referred to as the "Standards"). The material features of internal common areas of the Administration Building are the main lobby and the first and second floor main corridors as set forth in the letter dated May 27, 1993, from Theodore W. Hild, Deputy State Historic Preservation Officer to Henry L. Henderson, City of Chicago Commissioner of Environment.

B. SHPO and City Comment.

Plans and specifications for any Rehabilitation shall be concurrently submitted by Westside to the SHPO and the staff of the City's Chicago Landmark Commission for their review and comment. In performing their reviews of the plans and specifications, the City and the SHPO shall solicit public comment in accordance with their respective established practices and procedures. If the SHPO determines that the plans and specifications do not adhere in all material respects to the Standards, the SHPO shall provide written comments to Westside within 30 days following its receipt of such plans and specifications, detailing the manner in which such plans and specifications do not adhere in all material respects to the Standards. If Westside determines that it can modify such plans and specifications in accordance with the SHPO's comments, Westside shall so modify such plans and specifications and forward a copy of the modified plans and specifications to the SHPO. Upon providing the SHPO with the modified plans and specifications and provided such modified plans and specifications incorporate the SHPO's comments, Westside may proceed with the Rehabilitation. If Westside determines that it cannot modify such plans and specifications, the dispute shall be resolved in accordance with Stipulation VIII, unless Westside determines not to proceed with such Rehabilitation. Westside shall provide the SHPO as soon as practicable preliminary plans and specifications for any Rehabilitation which Westside believes will be undertaken.

IV. PRESERVATION OF THE TOWER

A. Notwithstanding the provisions of Stipulation I.B., during the thirty (30) day period following the execution of this Agreement, the City and Westside shall consult regarding the feasibility of retaining the first bay of the Catalog Building on either side of the Tower. During this thirty (30) day consultation period, Westside shall not commence demolition activity with respect to the first bay, but Westside may proceed with demolition activity with respect to the balance of the Catalog Building. In consulting with Westside, the City shall seek the comments of other parties including the SHPO, Landmark Preservation Council of Illinois, The National Trust Midwest Regional Office, community organizations and The Blue Ribbon Committee. If at the end of the thirty (30) day consultation period, the City and Westside elect to retain the first bay, this Agreement shall be amended pursuant to Stipulation X to reflect the terms and conditions under which the first bay shall be retained. If at the end of the thirty (30) day consultation period, the City

and Westside decide not to retain the first bay of the Catalog Building, the City shall notify the SHPO and Council accordingly and Westside shall proceed with the demolition of the Catalog Building (except for the Tower) as provided in Stipulation I.B. In such event, the City shall provide the SHPO and Council with written documentation supporting the decision not to retain the first bay. If the first bay of the Catalog Building is demolished in accordance with this Agreement, any new construction within the area previously occupied by the first bay shall be undertaken in accordance with Stipulation V.A.

B. Westside shall prepare plans and specifications for the preservation of the exterior of the Tower and undertake such preservation consistent with such plans and specifications. The plans and specifications shall be subject to the review and comment process established by Stipulation III and the dispute resolution process established by Stipulation VIII. In conjunction with the preparation of such plans and specifications, the public shall be provided an opportunity to submit comments and recommendations at a public meeting as set forth in Stipulation VII.

V. NEW CONSTRUCTION

A. New Construction within Historic Impact Areas.

If new construction is proposed within the area shown cross-hatched on Exhibit D attached hereto and made a part hereof (hereinafter referred to as the "Historic Impact Areas"), Westside shall prepare plans and specifications for such new construction consistent with the recommended approaches set forth in the Standards as they relate to new construction. Westside shall concurrently submit such plans and specifications to the SHPO and the staff of the City's Chicago Landmark Commission for their review and comment; provided, however, that Westside shall consult with the SHPO as soon as reasonably practicable in the development of preliminary plans and specifications. In performing their review of the plans and specifications, the City and the SHPO shall solicit public comment in accordance with their respective established practices and procedures. If the SHPO determines that the plans and specifications do not adhere in all material respects to the Standards, the SHPO shall provide written comments to Westside within 30 days following its receipt of such plans and specifications, detailing its objection to such plans and specifications. If Westside determines that it can modify such plans and specifications in accordance with the SHPO's comments, Westside shall so modify such plans and specifications and forward a copy of the modified plans and specifications to the SHPO. Upon providing the SHPO with the modified plans and specifications and provided such modified plans and specifications incorporate the SHPO's comments, Westside may proceed with such new construction. If Westside determines that it cannot modify such plans and specifications, the dispute shall be resolved in accordance with Stipulation VIII, unless Westside determines not to proceed with such new construction.

B. New Construction within the Project.

Any new construction within the Project that is not located within the Historic Impact Areas shall be reviewed by the City in accordance with the City's planned development Part II Approval process (Chicago Zoning Ordinance, Section 11.11-3(b)) to ensure compliance with the provisions of the Residential - Business Planned Development covering the Project adopted by the City on August 4, 1993.

VI. SITE PREPARATION, CONSTRUCTION & INFRASTRUCTURE ACTIVITIES

Westside may initiate site preparation activities within the Project, including, but not limited to, remediation of hazardous materials in Historic Properties, demolition of non-historic structures, and infrastructure development, and may begin new construction within the Project, except for new construction within Historic Impact Areas, upon execution of this Agreement, provided that such activities are consistent with the provisions of this Agreement.

VII. PUBLIC COORDINATION

As soon as practicable, but in no event later than six months of the execution of the Agreement, the City and Westside shall schedule a meeting or meetings as may be necessary for the purpose of soliciting the comments and recommendations of the public with respect to the preparation of plans and specifications for the preservation of the exterior of the Tower as required by Stipulation IV and the preparation of plans for an interpretative exhibit of the Historic Properties as required by Stipulation II. The City shall provide prior written notice of such public meeting or meetings.

VIII. DISPUTE RESOLUTION

If Westside and the SHPO determine that a dispute cannot be resolved under the provisions of Stipulations II, III.B, IV.B, or V.A., they shall notify the City and send the City all documentation relevant to the dispute. The City shall then forward all such documentation to the Council. Within 30 days after receipt of all such documentation, the Council shall provide recommendations to the City which the City shall take into account in reaching a final decision regarding the dispute. The City shall then, as the party responsible for compliance with Section 106 under the Home and CDBG programs of HUD, within 30 days after receipt of the Council's recommendations, render a decision and notify, in writing, all of the parties hereto of its final decision.

IX. MONITORING

The City shall provide an annual report to the signatories to this Agreement which summarizes Project activities carried out under the terms of this Agreement. The first report shall be submitted by December 31, 1994 and subsequent reports every December 31 thereafter until the Project is completed. Upon written request from the Council or the SHPO, the City will make arrangements for an on-site visit to Homan Square by the requesting entity with the City and Westside to review activities carried out under the terms of this Agreement.

X. AMENDMENTS

If either the City or Westside determine that it cannot fulfill the terms of the Agreement or otherwise deem it necessary to seek an amendment to this Agreement, Westside and/or the City shall notify the Council and the SHPO and request an amendment to the Agreement as set forth in 36 CFR Section 800.5(e)(5).

XI. SALE OR LEASE OF HISTORIC PROPERTIES.

In the event that Westside enters into a lease agreement with or a contract for sale to another entity for the reuse of all or substantially all of any Historic Property (but not including a space lease for a portion of any Historic Property), Westside shall include appropriate covenants to ensure that the lessee or purchaser complies with Stipulations III.A. and B.

XII. ADDITIONAL ASSISTANCE.

In the event that Westside receives additional federal or state assistance for the Project, the federal or state agency(ies) as the case may be, shall fulfill their Section 106 compliance responsibilities by accepting, in writing, the terms of this Agreement (and any amendments thereto), and any modifications to this Agreement required by such additional federal or state assistance, and conditioning such assistance upon Westside's satisfactory fulfillment of the terms of this Agreement. Prior to becoming a signatory to this Agreement, a federal agency shall comply with any statutory or regulatory publication requirement applicable to such federal agency. Westside and/or the City shall notify the SHPO and the Council, in writing, upon receipt of any such additional federal or state assistance.

XIII. DEDESIGNATION AS NATIONAL HISTORIC LANDMARK.

If the Department of Interior causes the dedesignation of the Sears, Roebuck and Company, National Historic Landmark, under the applicable provisions of the National

Historic Preservation Act, the parties hereto agree that this Agreement shall remain in full force and effect.

XIV. MISCELLANEOUS PROVISIONS

A. The parties agree to perform their respective obligations, including the execution and delivery of any documents or approvals as may be necessary or appropriate, in a timely fashion consistent with the terms and provisions of this Agreement.

B. The terms of this Agreement shall be binding upon the City, the SHPO, the Council, Westside and any other federal or state agency that shall become a party to this Agreement (in accordance with Stipulation XII) and their respective successors and assigns.

C. HUD-V's concurrence in this Agreement is solely for the purpose of indicating its approval of this Agreement as it relates to HUD providing financial assistance to the Project under HUD's HOME and CDBG programs and is not intended to limit in any way any discretion which HUD-V may have with respect to its approval of the City's request for funds pursuant to regulations under 24 CFR Part 58.

D. This Agreement may be executed in multiple original counterparts, each of which shall be deemed an original, and which together shall constitute one and the same Agreement.

Execution and implementation of this Agreement evidences that the City has afforded the Council a reasonable opportunity to comment on the Homan Square Project and its effects on the Historic Properties, and any other properties adjacent to or in close proximity to the Project which may be eligible for inclusion in the National Register of Historic Places, and that the City has taken into account any such effects.

ADVISORY COUNCIL ON HISTORIC
PRESERVATION

By: *Jan Stein* Date: 12-20-93
Vice Chairman

CITY OF CHICAGO, ILLINOIS


By: *Richard M Daley* Date: 12-16-93
Richard M. Daley, Mayor

ILLINOIS STATE HISTORIC
PRESERVATION OFFICER

By: *William L. Wheeler* Date: 12-16-93
State Historic Preservation
Officer

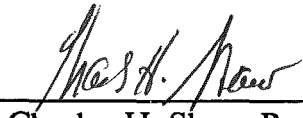
Concur:

U.S. DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT, REGION V

By:  _____
Edwin W. Eisendrath, Acting Regional
Administrator

Date: _____

WESTSIDE AFFORDABLE HOUSING
LIMITED PARTNERSHIP
BY WESTSIDE AFFORDABLE HOUSING,
INC., its General Partner

By:  _____
Charles H. Shaw, President

Date: 12-14-93

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ATTACHMENT A

The Project

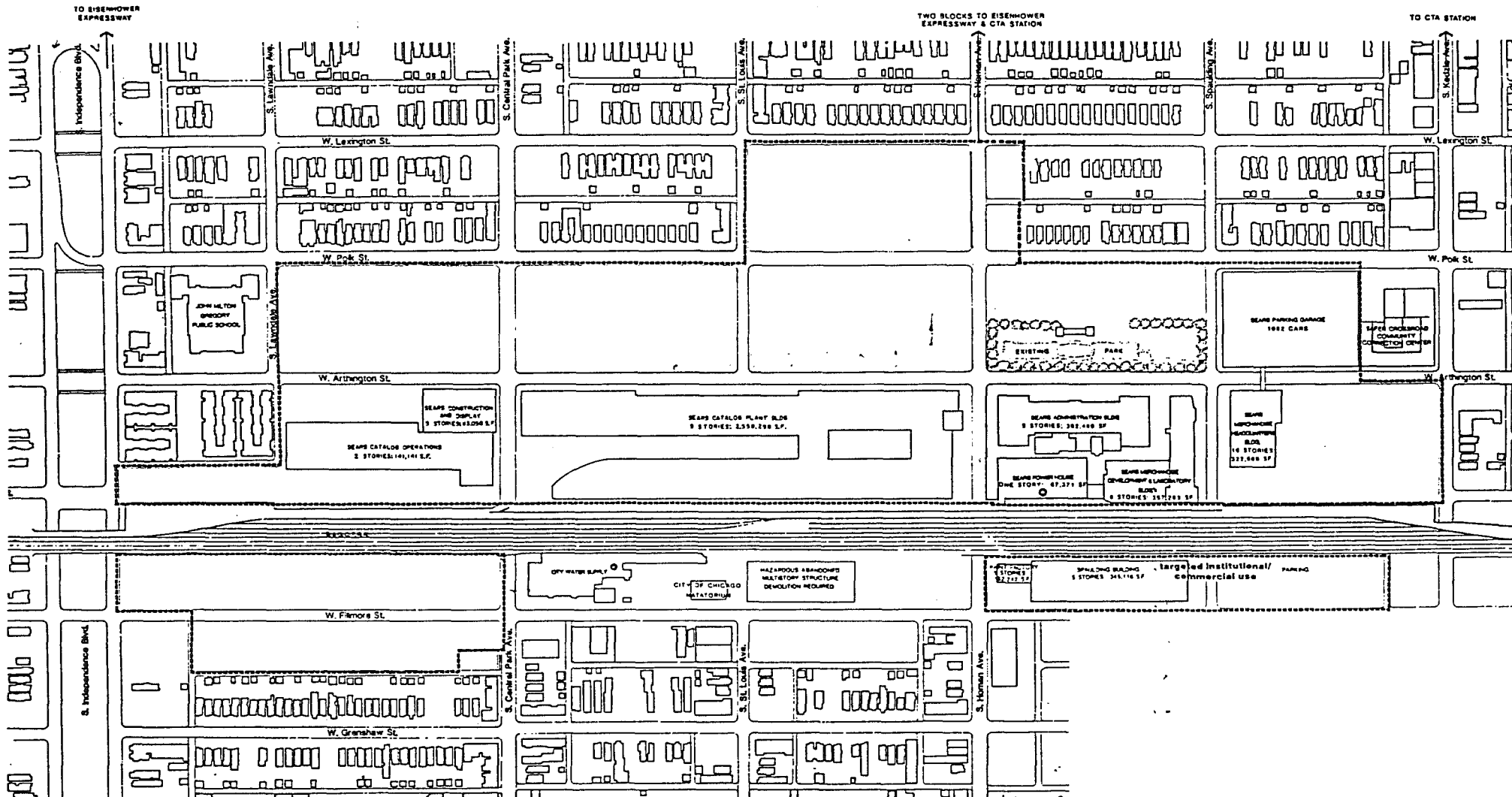
Westside proposes to create a new neighborhood of homes and businesses known as Homan Square on the 55-acre site of the former Sears, Roebuck and Co. (hereinafter referred to as "Sears") headquarters on Chicago's West Side, in the North Lawndale community. The vision behind Homan Square is a revitalized North Lawndale stimulated by the creation of diverse, affordable housing for the community, renovated commercial space to provide employment opportunities, and the facilitation of needed community services.

Since 1960, North Lawndale has lost more than 60 percent of its population and over half its housing stock. A key to its revitalization is creating new housing, improving existing housing stock and raising the level of home ownership. To that end, the first phase of Homan Square will create new housing, both for rent and for sale. Groundbreaking for the first approximately 80 units (hereinafter referred to as "Phase I, Section 1") is scheduled to occur in 1993. Plans for Phase I, Section 1 call for a mixture of single-family homes, townhomes, duplexes and six-flats built around landscaped common grounds, with 56 of the initial 80 units to be rental units. Each unit will have views of open spaces and gardens. Almost one quarter of each block will be devoted to play areas and common greens, which is unusual in urban areas. In addition, good lighting, fencing, and other security measures will help to make Homan Square a secure, safe, pleasant neighborhood in which to reside. A priority for Homan Square is to encourage and enable home ownership.

Homan Square will also contain more than one million square feet of institutional and commercial space, upgraded and converted for office and industrial use. The space is well suited to both public- and private-sector organizations and corporations and may prove particularly attractive to such industries as health care, construction, biomedical, technology, light industry and child care. A major focus will be the location of not-for-profit job training and employment centers. As redevelopment at Homan Square progresses, the area's economy will improve, attracting additional businesses and services and increasing employment opportunities for neighborhood residents. The goal over time is for neighborhood residents to hold many of the new jobs brought to Homan Square. Construction jobs will be available to qualified local residents, particularly those who are experienced tradespeople. Hiring preference will be given to qualified local residents and members of minority groups.

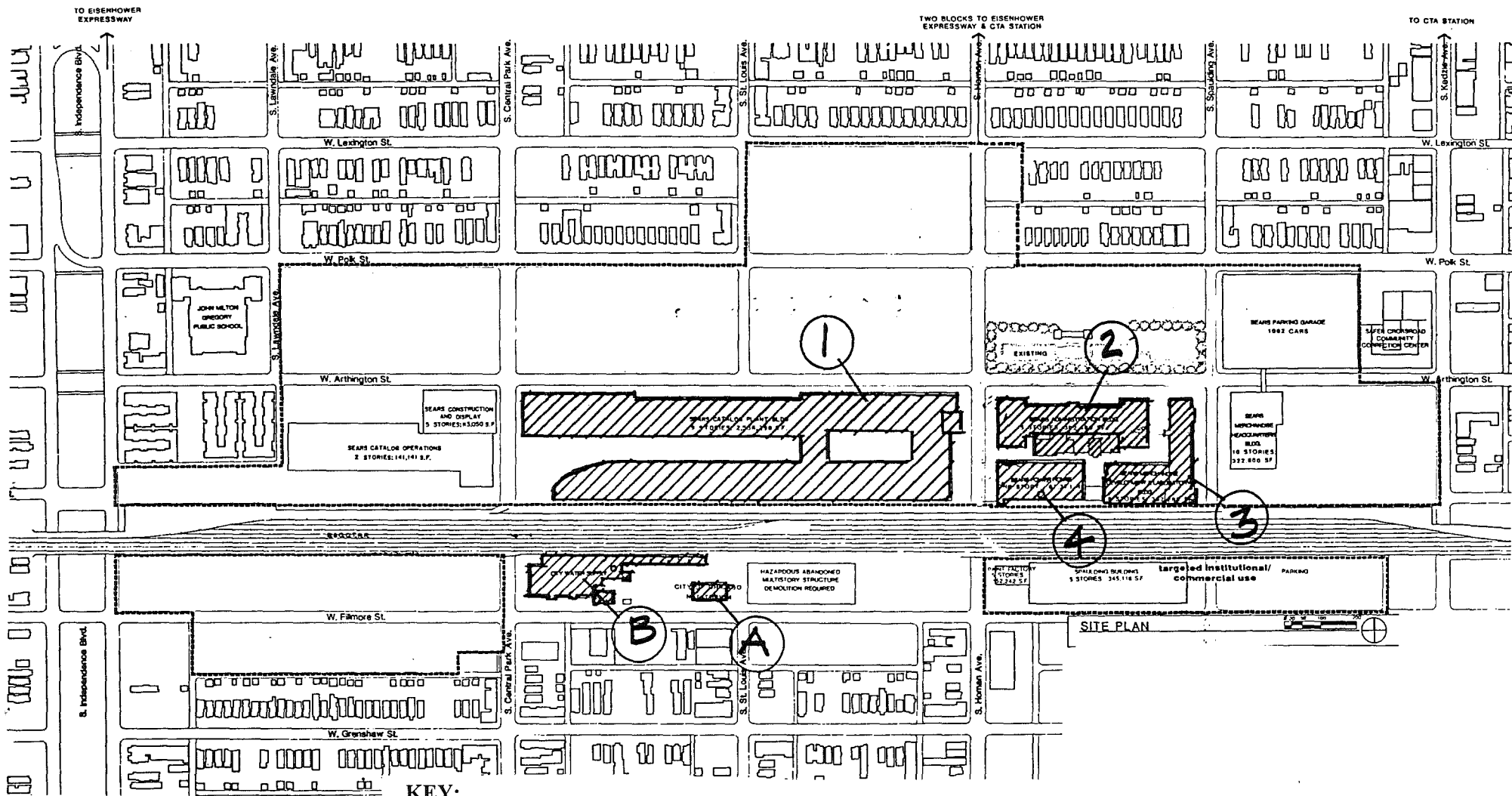
The plan of development for Homan Square has been approved by the City in accordance with the City's planned development process pursuant to the Chicago Zoning Ordinance. This process included presenting plans of the proposed development at several

public meetings and in numerous other meetings with community organizations including a "Blue Ribbon" Committee and individuals from the community. Community review and input was encouraged throughout the planned development process. The process culminated with the adoption by the City on August 4, 1993 of a Residential - Business Planned Development which controls the future development of the Project by requiring all development plans to be reviewed by the City Department of Planning and Development to ensure compliance with the provisions of such Residential - Business Planned Development.



**EXHIBIT A
SITE PLAN**

<p>DEVELOPMENT MANGER: THE SHAW COMPANY 325 SEARS TOWER CHICAGO, ILLINOIS 60606</p>	<p>HOMAN SQUARE</p>	<p>ARCHITECT/PLANNERS: NAGLE, HARTRAY & ASSOCIATES, LTD. 230 NORTH MICHIGAN AVENUE CHICAGO, ILLINOIS 60601</p>
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KEY:

HISTORIC PROPERTIES:

1. CATALOG BUILDING
2. ADMINISTRATION BUILDING
3. MERCHANDISE BUILDING
4. POWER PLANT

PROPERTIES OUTSIDE OF THE PROJECT:

- A. CHICAGO PARK DISTRICT NATATORIUM
- B. CHICAGO WATER PUMPING STATION

EXHIBIT B

DEVELOPMENT MANGER:
THE SHAW COMPANY
 325 SEARS TOWER
 CHICAGO, ILLINOIS 60606

HOMAN SQUARE

ARCHITECT/PLANNERS:
NAGLE, HARTRAY & ASSOCIATES, LTD.
 230 NORTH MICHIGAN AVENUE
 CHICAGO, ILLINOIS 60601

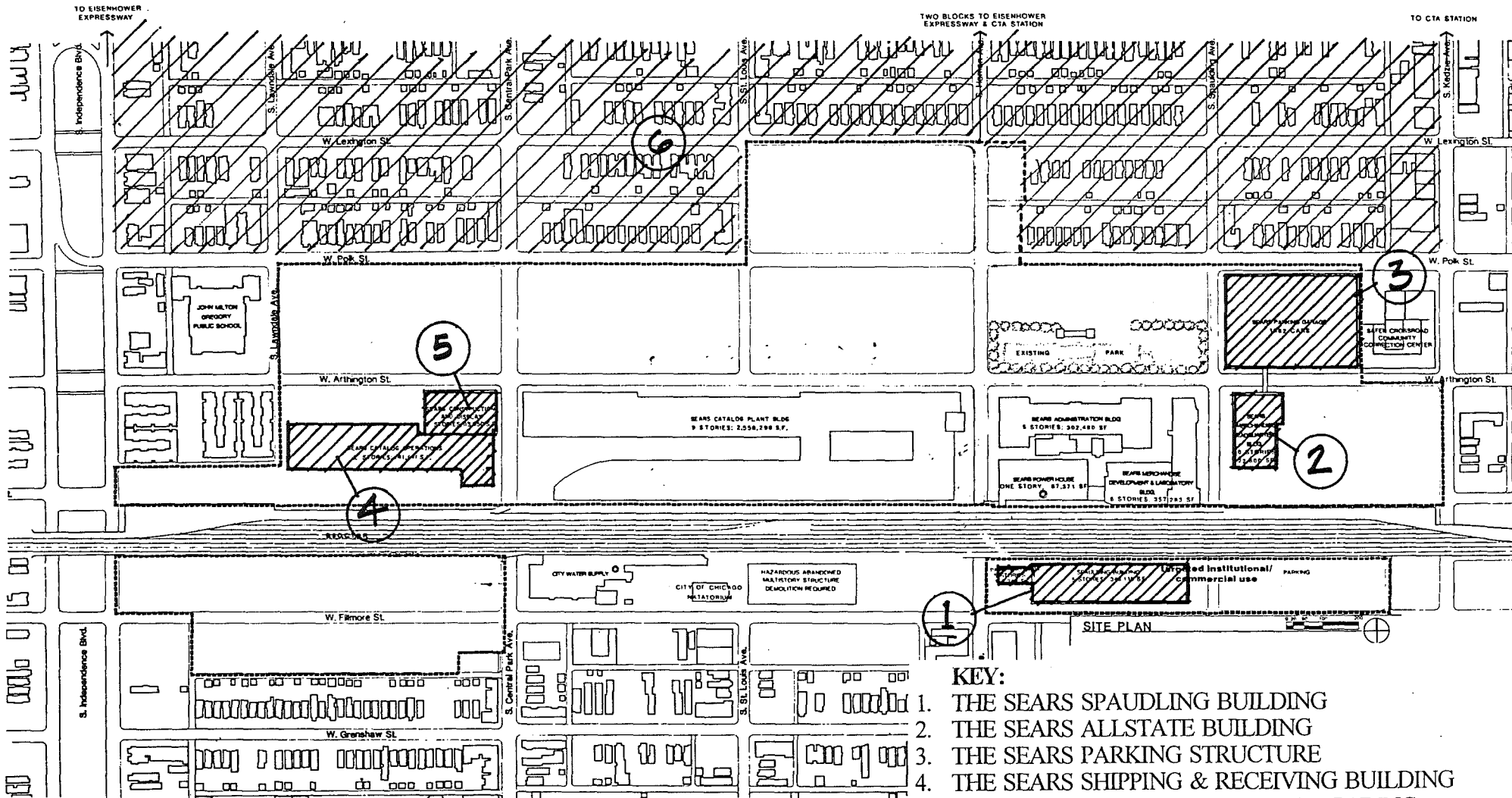


EXHIBIT C
LOCATION OF PROPERTIES NOT ELIGIBLE
FOR INCLUSION IN THE NATIONAL REGISTER
OF HISTORIC PLACES

DEVELOPMENT MANGER:
THE SHAW COMPANY
 325 SEARS TOWER
 CHICAGO, ILLINOIS 60606

HOMAN SQUARE

ARCHITECT/PLANNERS:
NAGLE, HARTRAY & ASSOCIATES, LTD.
 230 NORTH MICHIGAN AVENUE
 CHICAGO, ILLINOIS 60601

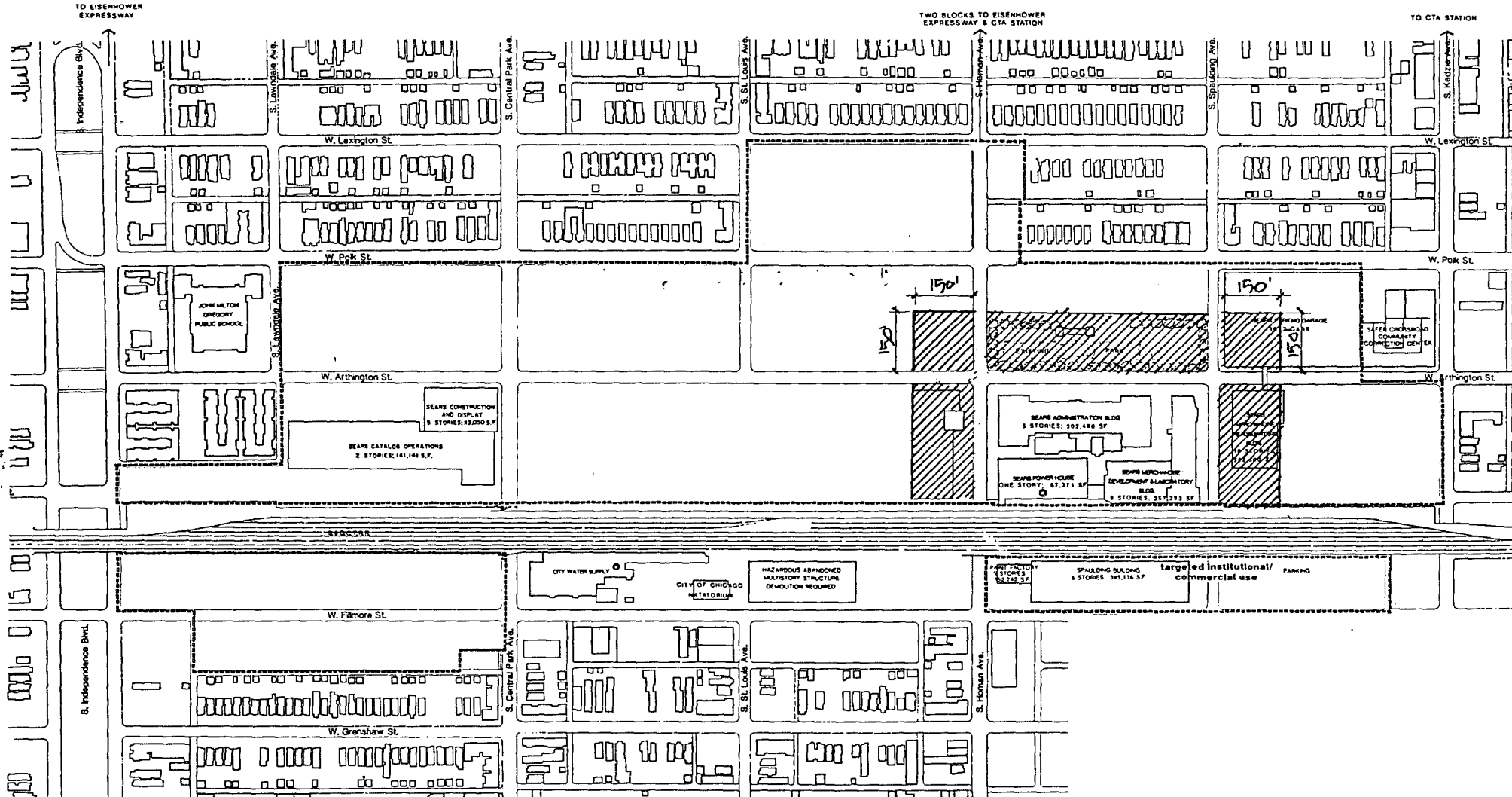


EXHIBIT D
HISTORIC IMPACT AREA

<p>DEVELOPMENT MANGER: THE SHAW COMPANY 325 SEARS TOWER CHICAGO, ILLINOIS 60606</p>	<p align="center">HOMAN SQUARE</p>	<p>ARCHITECT/PLANNERS: NAGLE, HARTRAY & ASSOCIATES, LTD. 230 NORTH MICHIGAN AVENUE CHICAGO, ILLINOIS 60601</p>
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