

EXHIBIT C

**MEMORANDUM OF ENVIRONMENTAL SETTLEMENT AGREEMENT (2003
MEMORANDUM)**

EXHIBIT C

This document prepared by and after recording
should be mailed to:

Elizabeth Ritscherle, Esq.

The Peoples Gas Light and Coke Company
130 East Randolph Drive, 23rd Floor
Chicago, Illinois 60601

This Memorandum of Environmental Settlement Agreement is entered into as of the 30th day of September, 2003, by and between THE CITY OF CHICAGO, an Illinois home rule municipal corporation, 121 N. LaSalle St., Chicago, Illinois 60602, (Grantor), and THE PEOPLES GAS LIGHT AND COKE COMPANY, 130 E. Randolph Drive, Chicago, Illinois 60601 (Grantee).

Recitals

Grantee's records indicate that the property legally described on Exhibit A attached hereto (the "Property") was formerly used for coal storage purposes associated with a former manufactured gas plant ("MGP").

Grantor indicated to Grantee that it planned to purchase the Property, provided that the Grantor and Grantee reached agreement regarding certain issues related to the environmental condition of the Property.

Grantor demanded that Grantee pay all costs and expenses incurred as a result of the need to conduct an environmental remediation of the Property. Grantee denied liability for any and all costs arising from the contamination which may exist on the Property.

Grantor and Grantee have consequently entered into that certain "Settlement Agreement" dated September 30, 2003 and "Three Way Release Agreement" dated September 30, 2003 to settle certain disputes relating to the environmental condition of the Property, while reserving all rights with respect to any other disputes associated with any portion of the Property.

The Grantor has purchased the Property and is the current fee owner of the Property.

Memorandum

PURPOSE OF MEMORANDUM. Pursuant to Section 11 of the Settlement Agreement, the parties agreed to prepare a short-form Memorandum stating the existence of the Settlement Agreement to be recorded with the Recorder of Deeds of Cook County, Illinois by Grantee at Grantee's sole cost and expense. This Memorandum is prepared for purposes of recording and in no way modifies the provisions of the Settlement Agreement. For purposes of this Memorandum, capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Settlement Agreement by and between Grantor and Grantee.

TERMS OF THE SETTLEMENT AGREEMENT. The Settlement Agreement contains provisions which address topics which include, but are not limited to the following, on the terms and conditions set forth therein: the Grantee's Contribution to facilitate the City's environmental remediation of the Property; the Grantor's responsibilities for remediation of the Property and maintenance of engineered barriers or institutional controls as may be required by the Illinois Environmental Protection Agency subsequent to receipt of an NFR Letter; the Grantor's release of Grantee and Released Parties from certain claims upon payment of the Contribution; and the parties' acknowledgment that the Settlement Agreement is entered into in compromise of disputed claims and is not to be publicized except as described in the Settlement Agreement.

SUCCESSORS IN INTEREST. The Settlement Agreement inures to the benefit of and is binding upon the successors in interest of the Grantor, its respective successors, grantees, and assigns. Pursuant to Section 11 of the Settlement Agreement, the agreements, easements, and other terms and provisions contained in the Settlement Agreement touch and concern and shall be appurtenant to and shall run with the Property and any portion thereof. By accepting a deed, lease or other conveyance, each and every person and entity that, from time to time, acquires any fee interest, leasehold interest or other estate in all or any portion of the Property shall acquire such interest or estate subject to said agreements, easements and other terms and provisions, and, during the term of time that he, she or it owns such interest or estate, he, she or it shall be obligated to pay and perform any and all obligations applicable to said period of time and applicable to that portion of the Property in which he, she or it holds any interest or estate, jointly and severally with any and all of the other holders of any interest or estate in all or any portion of the Property. The provisions of the preceding sentence are self-operative; however, to assure that all successors in interest to the Property have actual notice of the existence of the Settlement Agreement, as well as record notice, each and every other person and entity that, from time to time, acquires any interest or estate in all or any portion of the Property shall recite the language set

forth in Sections 5, 8 and 11 (and, if an NFR Letter has not been attained prior to the conveyance, the language set forth in paragraph 3) in any deed, lease, or other conveyance of any fee interest, leasehold interest, or other estate in all or any portion of the Property, with the covenant contained in this sentence being intended to touch and concern and be appurtenant to and run with the Property and any portion thereof.

INQUIRIES. Inquiries concerning the precise terms of the Settlement Agreement may be made to:

Grantor:

Grantee:

City of Chicago
c/o Corporation Counsel
City Hall
121 N. LaSalle Street
Chicago, IL 60602

The Peoples Gas Light and Coke Company
c/o General Counsel
130 E. Randolph Dr.
Chicago, IL 60601

INCORPORATION AND CONFLICTS. All of the terms and conditions of the Settlement Agreement are incorporated herein by reference as though set forth fully herein. In the event of any conflict between the terms hereof and of the Settlement Agreement, the Settlement Agreement shall prevail.

COUNTERPARTS. This instrument may be executed simultaneously or in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Memorandum of Settlement Agreement is executed as of the date first above written.

GRANTOR:

THE CITY OF CHICAGO,
an Illinois home-rule municipal corporation

By



Its

attorney

Attest:

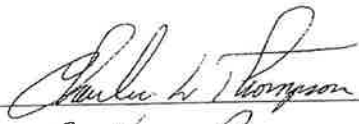
By: _____

Its: _____

GRANTEE:

THE PEOPLES GAS LIGHT AND COKE
COMPANY,

a Illinois corporation

By 
Its Sr Vice President

Attest:

By: 

Its: Assistant Secretary

STATE OF ILLINOIS)

)

COUNTY OF COOK)

I, Julie Abel a Notary Public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Michael, and P. Klein, personally known to me to be the Attorney and for, respectively, of the CITY OF CHICAGO, an Illinois home rule municipal corporation, personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that as such Attorney, and he they signed and delivered the said instrument as their free and voluntary act, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Given under my hand and official seal, this 30th day of Sept, 2003.

Julie Abel

Notary Public



Commission expires:

STATE OF ILLINOIS)

COUNTY OF COOK)

I, S. Nowaczyk, a Notary Public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that C.L. Thompson, and J. Nassos personally known to me to be SR. VICE PRESIDENT and ASST. SECRETARY, respectively, of THE PEOPLES GAS LIGHT AND COKE COMPANY, an Illinois corporation, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that as such SR. VICE PRESIDENT and ASST. SECRETARY they signed and delivered the said instrument as their free and voluntary act, and as their free and voluntary act and deed of said company, for the uses and purposes therein set forth.

Given under my hand and official seal, this 30TH day of SEPTEMBER 2003.

Suzanna Nowaczyk



Notary Public

Commission expires: 2/29/2004

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

THAT PART OF BLOCK 19 IN ELSTON'S ADDITION TO CHICAGO IN SECTION 5, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING SOUTHEASTERLY OF A LINE DRAWN AT NORTH 73 DEGREES 57 MINUTES 40 SECONDS EAST FROM A POINT ON THE EASTERLY LINE OF NORTH AVENUE, SAID POINT BEING 100.02 FEET, SOUTH 25 DEGREES 59 MINUTES 20 SECONDS EAST, (AS MEASURED ALONG SAID WESTERLY LINE) FROM THE POINT OF INTERSECTION OF SAID EASTERLY LINE OF NORTH ELSTON AVENUE WITH THE EASTERLY EXTENSION OF THE SOUTH LINE OF WEST DIVISION STREET, ALL IN COOK COUNTY, ILLINOIS

PIN: 17-05-307-004

Common Address: 1111-1129 N. Elston Avenue, Chicago, Illinois