

EXHIBIT A

Attached



February 21, 2023
Amended September 12, 2024

Anna Palomino
BandWith Music, LTD
212 South Francisco Avenue
Chicago, Illinois 60612

RE: Conditional Commitment of City Funds

Dear Anna Palomino,

The City of Chicago ("City") Department of Planning and Development ("DPD") congratulates BandWith Music Ltd on being selected as a Chicago Recovery Plan Community Development Grant ("CRP") Large Finalist ("Finalist") for the capital project located at 134 S California Avenue. Pending approval from the City Council of the City (the "City Council") and execution of a Redevelopment Agreement ("RDA"), BandWith Music Ltd will be a CRP Large Grantee ("Grantee").

BandWith Music, LTD has received a **conditional commitment** of up to **\$5,000,000** in City funds ("City Grant") to be provided from the Midwest Tax Increment Financing ("TIF") district.

The Project was selected for the plan and scope of work presented in the application and summarized below. Any changes to the proposed project plan or scope of work without DPD's prior written approval may result in forfeiture of the City Grant.

PROJECT ADDRESS

134 South California Avenue, Chicago, Illinois 60612
16-13-111-035-0000
(The address and PINS collectively, the "Property")

TIF AREA

The Property is located in the Midwest Redevelopment Project Area (the "TIF Area"). Under ordinances adopted on May 17, 2000, and published in the Journal of Proceedings of the City Council of the City for such date, the City Council: (i) approved a redevelopment plan and project (the "Plan") for the TIF Area; (ii) designated the TIF Area as a "redevelopment project area" within the requirements of the TIF Act; and (iii) adopted tax increment financing for the TIF Area. [The Plan was amended by ordinance(s) adopted on July 29, 2015.

PROJECT PLAN & SCOPE

The proposed project will renovate the 21,460 square foot, building into the headquarters of BandWith Chicago. BandWith provides educational, rehearsal and performance spaces for music and dance students enrolled in their programs. The renovation will also include retail space for Bee Love Cafe and the Horizons for Youth organization which works to transform children's lives by providing resources rooted in education, in a partnership with their families and the community.

TIF-FUNDED IMPROVEMENTS

TIF-eligible costs include land assembly, demolition, site preparation, environmental remediation, rehabilitation, and other eligible activities under the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4.1 et seq. (the "TIF Act"). The TIF-eligible activities for the Project will be listed specifically in the RDA.

PROJECT SOURCES & USES

Anticipated Project Funds (Sources)*		Anticipated Project Costs (Uses)	
NMTC	\$5,587,100	Acquisition Costs	\$2,200,000
Philanthropy and Grants	\$2,004,050	Hard Costs	\$9,786,024
Bidwell Foundation Term Loan	\$2,930,000	Soft Costs	\$3,535,126
Base City Grant	\$5,000,000		
Total	\$15,521,150	Total	\$15,521,150

CITY GRANT PAYMENT

The City Grant may be disbursed as progress payments through a project escrow, or as a single, 100% reimbursement upon project completion. The Finalist must select a payment method before executing the RDA.

Project Escrow

Grantees may establish a project escrow account at their own cost, and receive four, incremental disbursements of their City Grant during construction. The fourth, and final, disbursement is provided following the completion of the Project and DPD's issuance of a Certificate of Completion ("Certificate"). Each escrow draw requires review and approval of Grantee's documentation by DPD. Grantees who elect to receive their City Grant via a project escrow must execute an escrow agreement with DPD and the title company concurrently with the execution of the RDA.

Single Reimbursement

Grantees may receive a one-time disbursement of 100% of their City Grant following the completion of the Project and DPD's issuance of the Certificate.

GRANT STRUCTURE

Before any City Grant funds are disbursed, Grantees will be required to submit evidence of eligible costs under the TIF Act. Projects are eligible to receive up to 75% of total project costs, to the extent that eligible costs such as land acquisition or site preparation are documented, but in no case may the total City Grant exceed the program's \$5,000,000 grant limit.

Ineligible costs include furnishings, fixtures and equipment (FF&E); fees generally related to accounting, marketing, permitting, equipment rental, or construction management; and hard and soft contingencies unrelated to eligible project costs.

SUMMARY OF GRANT COVENANTS

The following is a summary of important City Grant covenants to which the Grantee must adhere. The RDA will contain a complete list of all City Grant covenants.

Grantees shall not do any of the following without prior, written consent from DPD, for the Term of the Agreement: be a party to any merger, liquidation or consolidation; sell, transfer, convey, lease or otherwise dispose of all or substantially all of their assets or any portion of the project property (including but not limited to any fixtures or equipment now or hereafter attached thereto) except in the ordinary course of business; enter into any transaction outside the ordinary course of Grantee's business; assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity; or enter into any transaction that would cause a material and detrimental change to Grantee's financial condition.

Operations & Occupancy Covenants

Grantees must continuously own, occupy, and/or operate the entirety of the Project for three years following the issuance of the Certificate. If a Grantee fails to satisfy these requirements, the City shall have the right to cease the payment of the City Grant, terminate the RDA, or place a lien on the Project property in the value of disbursed City Grant.

Annual Compliance Report

Grantees must submit an Annual Compliance Report for at least three years following the issuance of the Certificate. Requirements for the Annual Compliance Reports will be detailed in the RDA.

GRANT CONDITIONS

Issuance of the City Grant is subject to the Finalist's ability to fulfill the following conditions, and City Council approval. Following City Council approval of the City Grant, the Grantee will be required to execute the RDA with the City, through DPD, which details the legal requirements of the Project and the process for receiving the City Grant.

Conditions for Submission to City Council for Approval for the City Grant

The following *must* be submitted to your Project Manager by Tuesday, December 10, 2024 to prepare for submission to City Council for approval.

1. **Pre-Construction Compliance Meeting:** The Finalist, general contractor, and all major subcontractors must meet with Construction Compliance staff to review the Finalist's plan to achieve the City's Construction Compliance obligations (MBE/WBE, City Residency and Prevailing Wage Requirements), as established in the RDA and as mandated by City ordinance and DPD policy.
2. **Final Contractor Estimates:** The Finalist must submit at least two, final and comprehensive contractor estimates for the final Project scope of work. All estimates must reflect the same scope of work and final Project Budget, as well as account for the City's M/WBE, Prevailing Wage and City Residency construction compliance requirements.
3. **Final Project Budget:** The Finalist must submit a final Project budget. The City Grant amount in this letter will not be increased; therefore, the Finalist must assume the responsibility of any Project cost increases following City Council approval.
4. **Final Design Documents:** The Finalist must submit, at a minimum, a final site plan, final renderings, and final elevations for the Project. All DPD comments on the Project design should be addressed prior to seeking City Council approval.

5. **Final Zoning Approval:** The Finalist must verify that all proposed Project uses, and physical improvements comply with the zoning requirements for the Project location. If the Project uses and/or improvements require a zoning map amendment, licenses, or permits, the Finalist must provide evidence of the approved zoning map amendment, secured licenses and/or permits, and Aldermanic input.
6. **Preliminary Project Financing:** The Finalist must submit proof of project financing, demonstrating that all sources of funds outside of the City Grant are available and secured, or will be secured by closing. The Finalist must close on all financing sources on or before executing the RDA.
7. **Preliminary Site Control:** The Finalist must submit the following proof of site control, demonstrating that the Project location is secured, or will be secured by closing. The Finalist must secure site control on or before executing the RDA.
 - a) Tenant Finalists: Letter of interest or executed lease (for at least three years) for the Project location.
 - b) Owner-Occupied Finalists: Deed or Real Estate Purchase Agreement (demonstrating closing within 90 days), for the Project location.
 - c) Property Owner Finalists: Deed or Real Estate Purchase Agreement (demonstrating closing within 90 days), for the Project location; AND letters of interest or executed tenant leases, for at least three years, for at least 75% of the Project.

Conditions for Executing the RDA

Following City Council's approval, the Grantee must satisfy the conditions below before the City will execute and deliver the RDA, unless the City waives such conditions in writing. The following must be secured within one month of receiving City Council approval to close on the RDA.

1. **Final Project Financing:** If not yet submitted, the Grantee must submit proof of project financing, evidencing that all financing sources outside of the Capital Grant have been secured and are available.
2. **Final Site Control:** If not yet submitted, the Grantee must submit the following proof of site control, evidencing that the Project location has been secured:
 - a) Tenant Grantees: Executed lease for at least three years for the Project location AND written evidence of property owner's consent to record the RDA against the tenant's leasehold interest in the Project location.
 - b) Owner-Occupied Grantee: Deed for the Project location.
 - c) Property Owner Grantee: Deed for the Project location; AND executed tenant leases, for at least three years, for at least 75% of the Project.
3. **Escrow Agreement:** If the Grantee elects to receive the Capital Grant via progress payments (escrow), the escrow agreement between the City, title company and Grantee must be fully executed.
4. **Building Permits:** The Grantee must submit proof of all permits required by the City's Municipal Code for work associated with the Project for all corresponding costs to be eligible for reimbursement.

Conditions for Receiving the Certificate

The Grantee must complete project construction and receive a Certificate within the timeframe dictated by the executed RDA, or the Project will be considered in default, the City Grant may be forfeited, and the RDA may be terminated. The Certificate *must* be issued within two years of the RDA execution date.

1. **MBE/WBE Requirements:** The Grantee must fulfill at least 26% Minority Business Enterprise (MBE) and 6% Women Business Enterprise (WBE) participation for all direct and indirect construction costs associated with the Project.
2. **City Residency Requirements:** The Grantee must hire City residents to perform 50% of all construction hours.

3. **Prevailing Wage Requirements:** The Grantee must adhere to the City's prevailing wage requirement for all construction trades, as established by the Illinois Department of Labor.
4. **Certificate of Occupancy:** The Grantee must obtain and submit proof of all permits required by the City's Municipal Code to occupy the Project premises.
5. **Business Licenses:** The Grantee must obtain all necessary business licenses.
6. **Documentation:** The Grantee must appropriately document all eligible project costs. Documentation includes, but is not limited to, detailed invoices, cancelled checks, sworn owner's statement, sworn statement of contractor and subcontractor to owner and final lien waivers.

PROJECT EXTENSION, WITHDRAWAL AND TERMINATION POLICIES

Project Deadline Extension

Grantees are allowed to request up to two extensions to satisfy the conditions for all milestones leading to RDA execution. Grantees in need of an extension during this time must submit a written request to DPD justifying the need for the extension. DPD will issue extension approvals and durations, in writing, at its discretion. DPD will withdraw City Grants for Grantees who are unable to satisfy the conditions after exhausting their extensions.

Project Withdrawal

Finalists or Grantees must provide written notification to DPD staff of their intent to rescind their City Grant and withdraw from the program. DPD staff will send the Finalist or Grantee an email confirmation of the Project's withdrawal and the return of the allocated City Grant.

Project Termination

DPD staff will send the Finalist or Grantee notification via email and postal mail to the above address regarding termination of the Project and the return of the allocated City Grant. All questions regarding the conditions outlined in this letter, and general City requirements and procedures, can be addressed to Robert Bumpers (Robert.bumpers@cityofchicago.org) or 312-744-0107.

We look forward to supporting your efforts to revitalize the City's South, Southwest and West sides.

Sincerely,

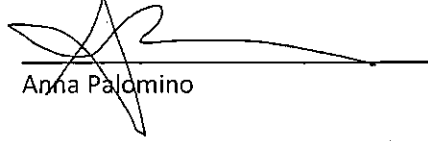


Tim Jeffries
Deputy Commissioner
Department of Planning and Development

On behalf of BandWith Music, LTD, I accept the above terms and conditions of this *Conditional Commitment of City Funds offered by the City of Chicago.*

9/13/24

Date



Anna Palomino

Executive Director

Title

Return one copy of this letter to:

City of Chicago
Department of Planning and Development
Attention: Robert Bumpers
121 North LaSalle Street, RM 1003
Chicago, IL 60602

CITY GRANT DELIVERABLE SUMMARY CHECKLIST & SCHEDULE

Milestone #1: Conditional Commitment of Funds (Letter)

☒	Conditions for Next Milestone	Time to Next Milestone
	Final Contractor Estimates (2)	<u>5 MONTHS</u>
	Final Project Budget	
	Final Zoning	
	Final Design Documents	
	Preliminary (Final acceptable) Project Financing Documentation	
	Preliminary (Final acceptable) Site Control Documentation	
	Approval by Community Development Commission	

Milestone #2: Council Approval (City Grant Authorization)

☒	Conditions for Next Milestone	Time to Next Milestone
	Final Project Financing Documentation	<u>1 MONTH</u>
	Final Site Control Documentation	
	Grant Payment Election (executed escrow agreement, if applicable)	
	Building Permits Secured	

Milestone #3: Project Closing (Executed RDA)

☒	Conditions for Next Milestone	Time to Next Milestone
	M/WBE Construction Compliance Requirements Fulfilled	<u>24 MONTHS</u>
	City Residency Construction Compliance Requirements Fulfilled	
	Prevailing Wage Construction Compliance Requirements Fulfilled	
	Occupancy Permits Secured	
	Business Permits Secured	
	Business Licenses Secured	
	Project Cost Documentation (invoices, sworn statements, lien waivers)	

Milestone #4: Project Completion (Certificate of Completion)