

DEVELOPMENT AGREEMENT

This Development Agreement ("Agreement") entered into as of the ___ day of _____, 2013, between THE CITY OF ROCHELLE, an Illinois municipal corporation ("City"), DAN K. SAWICKI ("Sawicki"), and SAWICKI MOTOR COMPANY, INC., an Illinois corporation ("Operator"):

WITNESSETH

THAT WHEREAS, Sawicki is the owner of two parcels of land located within the corporate boundaries of the City, bearing tax code identification number 24-13-301-006 and 24-13-301-008 and consisting generally and collectively of 2.75 acres m/o/1 , improved with parking lots, and Operator is the owner of one parcel of land located within the corporate boundaries of the City, bearing tax code identification number 24-13-326-006 and consisting generally of 2.06 acres m/o/1 located at 1260 North 7th Street, improved with a commercial building and parking lot, which is currently used as an automobile dealership (collectively "the Property", provided however it is not intended to include within the meaning of the word Property tax code parcel number 24-13-326-005 commonly known as "Cars and Credit"), all as legally described on **Exhibit A** attached hereto ; and

WHEREAS, Sawicki and Operator intend to develop the Property for use as an automobile dealership, meaning and intending to include related uses, either individually or collectively, including, demolishing an existing showroom facility, and constructing a new dealership facility ("Development"), provided that the City offers to Sawicki and Operator certain economic incentives to do so; and

WHEREAS, the City deems it to be in the best interests of the City for the Property to be developed in the manner intended by Sawicki and Operator, and for the City to offer certain economic incentives to Sawicki and Operator to do so; and

WHEREAS, the Rochelle City Council has made the following findings with respect to the sales tax rebate provisions of paragraph 2(b) of this Agreement: (1) that the buildings on the Property no longer comply with current building codes; (2) that the Development is expected to create or retain job opportunities within the City; (3) that the Development will serve to further the development of adjacent areas; (4) that without the agreement for a rebate of sales taxes the Development would not be possible; (5) that Sawicki and Operator meet high standards of creditworthiness and financial strength, as demonstrated by a letter from a financial institution with assets of \$10,000,000.00 or more attesting to the financial strength of Sawicki and Operator; (6) that the Development will strengthen the commercial sector of the City; (7) that the Development will enhance the tax base of the City; and (8) that this Agreement is made in the best interest of the City; and

WHEREAS, the parties have entered into this Agreement for the purpose of memorializing the agreements reached by the parties with respect to the Development, and the economic incentives to be offered by the City to Sawicki and Operator for the Development;

NOW THEREFORE, in consideration of the mutual agreements contained herein, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. **Development of Property.** Sawicki and Operator agree to develop the Property as an automobile dealership and related uses, with development commencing on or before December 31, 2013, and being substantially completed on or before December 31, 2014 (the “Development”). The Development shall include the demolition of the current automobile showroom facility, the construction of a new automobile showroom facility, including façade improvements and landscaping improvements, all as depicted on the Site Plan attached as **Exhibit B**. The Development shall comply in all respects with the requirements of the Rochelle Municipal Code on the Commencement Date of Development, except as expressly set forth in this Agreement, unless a variance is granted following the procedures set forth in the Rochelle Municipal Code; provided, however, that the Operator may, by written notice at the time the application for building permit is filed, elect to use the requirements of the Rochelle Municipal Code on the date of this Agreement. Any election made by Operator as to Code provisions shall apply to the entirety of the Rochelle Municipal Code on the date elected. The City agrees to promptly review applications for, and, provided the Operator is in compliance with the applicable Rochelle Municipal Code, issue such permits as may be required to facilitate and enable Operator to complete the Development within the time constraints contemplated by this Agreement.

The Property, as so developed, shall employ a minimum of twenty five (25) full-time equivalent employees for at least five (5) years.

“Commencement Date of Development” is defined, for purposes of this Agreement, as the date that any building permit is issued by the City for any portion of the construction of the Development.

2. **Economic Incentives.** In consideration of the Development of the Property by Sawicki and Operator in conformity with the terms of this Agreement, the City shall provide the following economic incentives to Sawicki and Operator for the Development:

(a) **Real Estate Tax Abatement:** The City will provide to Sawicki and Operator an abatement of the City's real estate taxes attributable to any new improvements added to the Property, on a graduated basis over five (5) years, commencing with the real estate taxes for the year 2014, payable in 2015, as follows: 90% for year one, 75% for year two, 60% for year three, 45% for year four, and 30% for year five. Additionally, the City will use its best efforts to obtain the same percentage rebates for the same tax years from all other taxing bodies which impose real estate taxes on the Property. The foregoing abatement(s) will not apply to real estate taxes attributable to the Property as it exists on the date of this Agreement. The abatement(s) will be calculated by taking the cumulative Equalized Assessed Value (EAV) of all three (3) parcels after Development less the cumulative EAV of all three (3) parcels as of the date of this Agreement. The resulting tax abatement will be shared by the owners of Parcels No. 24-13-301-006, 24-13-326-006 and 24-13-301-008 based on the percentage of square footage of the new showroom facility built on each respective parcel.

(b) Sales Tax Rebate: The City will rebate to Operator a sum equal to ½ of the 1% portion of Operator's Retail Occupation Tax paid by Operator to the Illinois Department of Revenue ("Department") and distributed by the Department to the City, for a period of three (3) consecutive years, commencing with the calendar year 2014; provided, however, that the City will rebate only the portion of Operator's Retail Occupation Tax attributable to sales and services rendered at the new showroom/repair facility, including automobile sales and repairs. Operator shall execute the required consent forms to allow the Department to share Operator's sales tax information and returns with the City, and shall provide documents showing the portion of Operator's Retail Occupation Tax attributable to sales and services rendered at the new showroom facility. The City's rebate to Operator shall be made by the end of the month in which the City receives the Department's distribution to the City for the applicable months. In the event Sawicki and Operator use local contractors (contractors whose business offices are served by Rochelle Municipal Utilities) for the Development, and the local contractors' contracts account for at least 50% of the total contracted cost of the Development, the City will extend the sales tax rebate for an additional two (2) consecutive years, commencing with the calendar year 2017, on the same terms. Sawicki and Operator shall provide adequate documentation to the City of its compliance with the terms of this provision when applying for an extension. In no event shall any rebate be made on taxes paid by Operator after the calendar year 2018. This Agreement does not require that the Development be the exclusive business location or sales office for Operator in Illinois. However, during the term of this Agreement, the Development shall not be covered by another economic incentive agreement providing for a rebate of sales taxes. The rebate provided herein does not apply to the taxes imposed by the City pursuant to Section 90-131 of the Rochelle Municipal Code.

(c) Storm Water: Operator and/or Sawicki shall grant to City three storm water drainage easements, as follows: (i) an easement consisting of twenty feet (20') along the southern boundary lines of the parcels identified by PIN 24-13-326-006, 24-13-301-006, and 24-13-301-008 from the eastern boundary line to the western boundary line of said parcels; (ii) an easement consisting of one hundred forty feet (140') along the northern boundary line of the parcels identified by PIN 24-13-301-006 and 24-13-301-008, from the eastern boundary line of PIN 24-13-301-008 to the western boundary line of PIN 24-13-301-006; and (iii) one or more easements along the west line of PIN 24-13-301-006 to provide drainage across a proposed, off-site shared use path, into an existing stormwater detention facility on the property. The contemplated storm water drainage easement areas described in this subsection as (i) and (ii) are legally described and depicted on **Exhibit C**, attached hereto. The location of the easement area described in this subsection as (iii) as well as the exact size and configuration of which must be mutually agreed upon by the parties hereto at a later date and which shall be agreed upon, only if a contemplated shared use path presently contemplated by others to be constructed is actually constructed along the east line of the property to the west of 24-13-301-006 and then only if it becomes necessary to provide drainage from the aforesaid contemplated shared use path to be constructed along the east line of the property to the west of 24-13-301-006.

Construction of storm water facilities to be constructed as part of Phase I shall be made concurrently with the Development improvements mentioned herein to be made by Operator, and shall be constructed substantially as shown on the Phase I Preliminary Plan, attached as **Exhibit D**. Construction of storm water facilities to be constructed as part of Phase II shall be made within a reasonable period of time but not more than two years subsequent to the contemplated

improvements to Illinois Route 251 to be constructed by Illinois Department of Transportation, and shall be constructed substantially as shown on the Phase II Preliminary Plan, attached as **Exhibit E**. Construction of the storm water facilities contemplated herein shall be at the sole cost and expense of the City of Rochelle and shall be in accordance with the Rochelle Municipal Code. The terms of the storm water drainage easements referred to in this paragraph of this Agreement shall be more specifically set forth and described in a separate easement agreement of even date herewith. Given that most, if not all the real estate described on **Exhibit A** is already substantially impervious, the City agrees to waive all storm water management fees as may be applicable or arise by reason of the Development, if any. The City shall maintain, repair and replace the stormwater facilities mentioned in this Agreement from time to time as the same is reasonably necessary; Operator or Sawicki shall be responsible for mowing the storm water facilities located on their respective property, whether or not constructed by the City. Operator or Sawicki shall be responsible for maintaining the storm water facilities that exist as of the date of this Agreement along the western boundary of PIN 24-13-301-006. City's use of the portion of the easement described in this subsection as (i) that is currently improved with bituminous pavement as depicted on **Exhibit C** as "Bituminous Pavement" shall be limited to underground storm water facilities. Sawicki and Owner expressly reserve the right to use the surface of ground within this same area depicted as "Bituminous Pavement" on **Exhibit C**.

(d) Temporary construction easements on the Property shall be granted by Operator from the Property to the State of Illinois, upon reasonable terms, along Illinois Route 251 to facilitate construction of the roadway contemplated by IDOT as evidenced by final plans yet to be prepared. These improvements are expected to begin in 2014. It is expressly understood that IDOT shall be and remain responsible for any and all damages caused by IDOT in the exercise of the temporary construction easements mentioned herein.

(e) Building Permit Fees: The City will waive any building permit fees for new construction or renovations of existing structures on the Property for a period of one (1) year from the date of this Agreement.

(f) Codes: Construction of new structures on the Property, and renovations to existing structures, shall be subject to the provisions of the building codes incorporated by reference in Chapter 22 of the Rochelle Municipal Code as of the date of this Agreement. Portions of the existing structures which are not being renovated, and which were in compliance with applicable building codes at the time of construction or installation, shall remain subject to those codes, and shall not be subject to the provisions of the building codes incorporated by reference in Chapter 22 of the Rochelle Municipal Code.

3. Term. This Agreement shall terminate on December 31, 2018.

4. Entire Agreement; Non-Assignability; Severability. Except as otherwise expressly set forth herein, this Agreement represents the entire agreement of the parties with respect to the subject matter hereof, and supersedes and discharges all prior oral or written, or contemporaneous oral, agreements. This Agreement may not be assigned by either party. If any portion of this Agreement should for any reason be declared to be invalid or illegal by a court of competent jurisdiction, the remaining portions of this Agreement shall remain in full force and effect.

5. Contingencies. The agreements and covenants of Sawicki and Operator herein are expressly contingent upon Operator and Sawicki obtaining such financing for the construction of the Development as Operator and Sawicki elect, in their sole and exclusive discretion, to accept from any one or more financiers.

6. Remedies. Each party shall have all remedies at law or equity for breach of this Agreement by another party. The prevailing party in any lawsuit arising under this Agreement shall be entitled to recover its reasonable attorney's fees in addition to any other relief obtained.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date set forth above.

THE CITY OF ROCHELLE, an Illinois municipal corporation

By: _____
DAVID S. PLYMAN, City Manager

Attest: _____
BRUCE W. MCKINNEY, City Clerk

DAN K. SAWICKI, individually

SAWICKI MOTOR COMPANY, INC., an Illinois corporation

By: _____
DAN K. SAWICKI, President

ALAN H. COOPER
Law Offices of Alan H. Cooper
233 East Route 38, Suite 202
P. O. Box 194
Rochelle, IL 61068
(815) 562-2677

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EXHIBIT A
(Property Description)

Exhibit A to Development Agreement

Part of the North Half of the Southwest Quarter of Section 13, Township 40 North, Range 1 East of the Third Principal Meridian, bounded and described as follows: Commencing at the Southwest corner of the North Half of the Southwest Quarter of said Section 13; thence North 89 degrees 52 minutes 32 seconds East along the South line of said North Half, a distance of 936.57 feet to the point of beginning of the hereinafter described tract of land; thence North 2 degrees 24 minutes 19 seconds East parallel with the West Right-of-Way line of S.B.I. Route 70 (Illinois Route 251, formerly U.S. Route 51), a distance of 450.00 feet; thence North 89 degrees 52 minutes 32 seconds East parallel with the South line of the North Half of the Southwest Quarter of said Section 13, a distance of 200.00 feet to a point on the Westerly line of a tract of land conveyed to the City of Rochelle, a Municipal Corporation, as recorded in Deed Book 275 at page 439 in the Ogle County Recorder's Office; thence South 2 degrees 24 minutes 19 seconds West along said Westerly line parallel with the West Right-of-Way line of said S.B.I. Route 70, a distance of 450.00 feet to a point on the South line of the North Half of said Southwest Quarter, said point being 366.00 feet, more or less, West of the West Right-of-Way line of said S.B.I. Route 70 as measured along the South line of said North Half; thence South 89 degrees 52 minutes 32 seconds West along the South line of said North Half a distance of 200.00 feet to the point of beginning; situated in the County of Ogle and State of Illinois,

Tax Code I.D. No. 24-13-301-006; and

Part of the North Half of the Southwest Quarter of Section 13, in Township 40 North, Range 1 East of the Third Principal Meridian, in Ogle County, Illinois, bounded and described follows: beginning on the South line of the North Half of the Southwest Quarter of said Section 13, at a point 60 feet West of the center line of Illinois State Bond Issue Route No. 70 (said center line being that certain one located, adopted and established as such center line by official survey shortly prior to the original construction of said Illinois State Bond Issue Route 70 and not a subsequently re-located center line); running thence Northeasterly, parallel with aforesaid center line, 300 feet; thence West, parallel with the South line of said North Half of said Southwest Quarter, 300 feet; thence Southwesterly, parallel with aforesaid center line, 300 feet to the South line of said North Half of the Southwest $\frac{1}{4}$; thence East on said South line to the point of beginning,

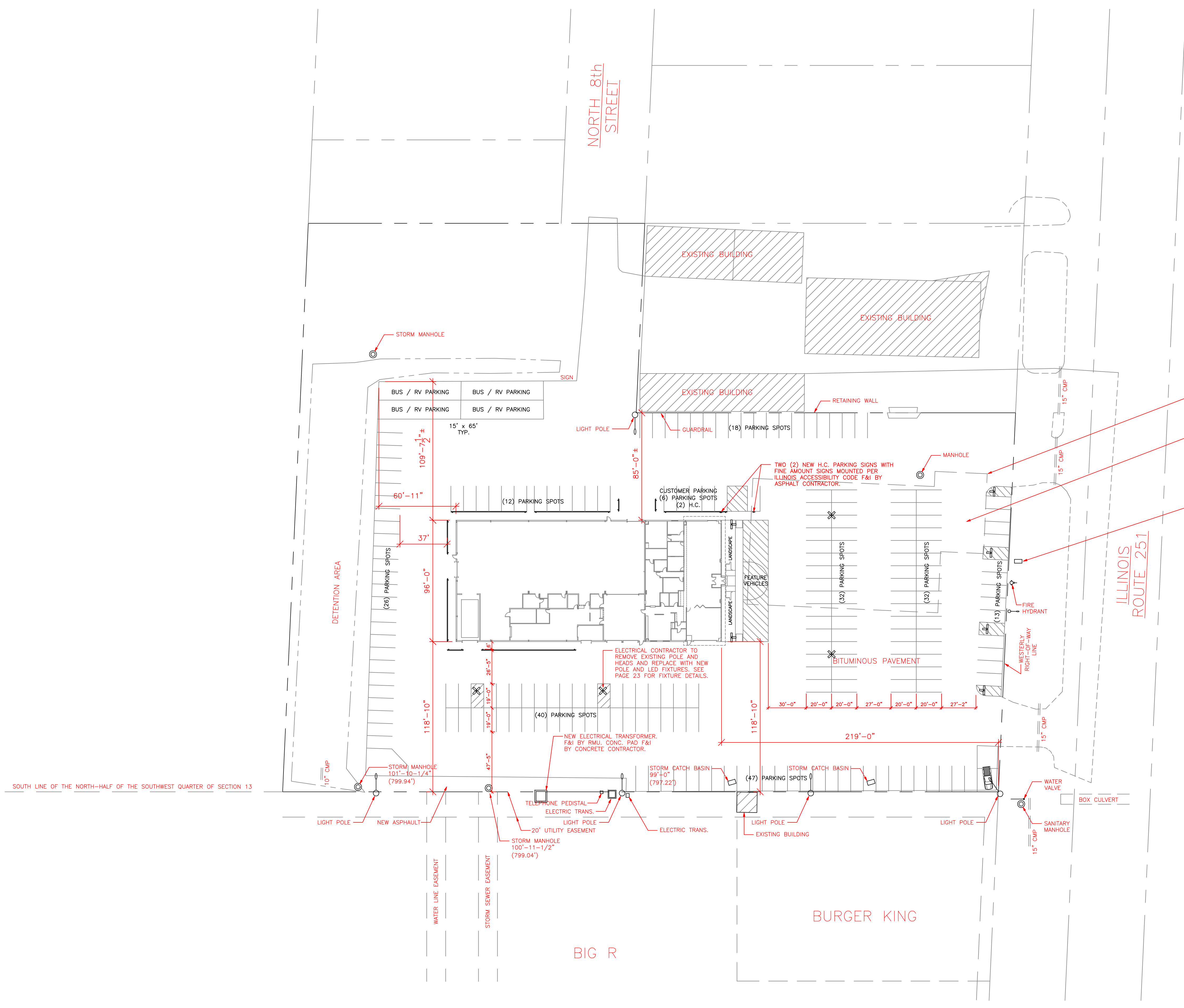
Tax Code I.D. No. 21-13-326-006, and

Part of the North Half of the Southwest Quarter of Section 13, Township 40 North, Range 1 East of the Third Principal Meridian, bounded and described as follows: Commencing at the Southwest corner of the North Half of the Southwest Quarter of said Section 13; thence North 89 degrees 52 minutes 32 seconds East along the South line of said North Half, a distance of 1136.57 feet; to a point on the Westerly line of a tract of land conveyed to the City of Rochelle, a Municipal Corporation, as recorded in Deed Book 275 at page 439 in the Ogle County Recorder's Office, and the Point of Beginning of the hereinafter described tract of land; thence North 2 degrees 24 minutes 19 seconds East parallel with the West Right-of-Way line of S.B.I. Route 70 (Illinois Route 251,

formerly U.S. Route 51), a distance of 450.00 feet; thence North 89 degrees 52 minutes 32 seconds East parallel with the South line of the North Half of the Southwest Quarter of said Section 13, a distance of 66.06 feet to a point on the Easterly line of a tract of land conveyed to the City of Rochelle, a Municipal Corporation, as recorded in Deed Book 275 at page 439 in the Ogle County Recorder's Office; thence South 2 degrees 24 minutes 19 seconds West along said Easterly line parallel with the West Right-of-Way line of said S.B.I. Route 70, a distance of 450.00 feet; to a point on the South line of the North Half of the Southwest Quarter of said Section 13; thence South 89 degrees 52minutes 32 seconds West along the South line of the North Half of the Southwest Quarter of said Section 13; a distance of 66.06 feet to the Point of Beginning, containing 0.682 acres, more or less, situated in the Township of Flagg, the County of Ogle and the State of Illinois,

Tax Code I.D. No. 24-13-301-008.

EXHIBIT B
(Site Plan with Façade and Landscape Improvements)



SOUTH LINE OF THE NORTH-HALF OF THE SOUTHWEST QUARTER OF SECTION 13

PROPOSED SITE LAYOUT
SCALE 1"=40'-0"

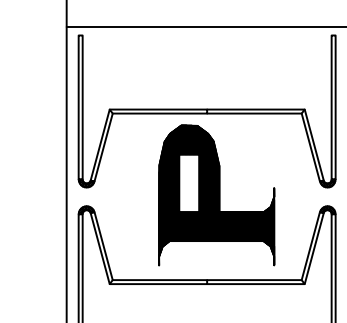


EXISTING BUILDING OUTLINE.
ALL DEMO AND EPA REMEDIATION OF EXISTING BUILDING AND NEW PARKING LOT FINISH IN THE AREA OF EXISTING BUILDING TO BE BY OWNER.
NEW SIGN FURNISHED AND INSTALLED BY PATTISON GROUP (NOT IN THIS CONTRACT) TO MEET LOCAL CODES AND REGULATIONS FOR HEIGHT AND LOCATION.

© COPYRIGHT 2013 PHALEN STEEL CONSTRUCTION COMPANY
REVISIONS 04-18-13 - OWNER BANK / PERMIT DRAWINGS - MBZ
05-17-13 - FOR CONSTRUCTION DRAWINGS - MBZ

DRAWN BY MBZ
CHECKED BY AHR
DATE 03-21-13
SCALE 1"=40'-0"

phalen steel construction company
DESIGN & BUILD
GENERAL CONTRACTORS
P.O. BOX 707 PHONE 815-539-9391 MENDOTA, ILLINOIS 61342



DEALERSHIP
SAWICKI MOTORS
ROUTE 251
ILLINOIS

NEW FOR NORTH ROCHELLE.

PROJECT NO. 2010-11
SHEET NO.

4 OF 23

EXHIBIT C
(Depiction of Storm Water Drainage Easements)

LEGAL DESCRIPTION

DRAINAGE EASEMENT - 1

OF PROPERTY DESCRIBED AS: Part of the North-half of the Southwest Quarter of Section 13, Township 40 North, Range 1 East of the Third Principal Meridian, bounded and described as follows:

Beginning at the intersection of the South Line of the North-half of the Southwest Quarter of said Section 13 and the Westerly Right-of-Way Line of a public road designated Illinois Route 251; thence South 90 degrees 00 minutes 00 seconds West along the South Line of the North-half of said Southwest Quarter, a distance of 566.06 feet; thence North 2 degrees 34 minutes 38 seconds East, parallel with said Westerly Right-of-Way Line of Illinois Route 251, a distance of 20.02 feet; thence North 90 degrees 00 minutes 00 seconds East, parallel with the South Line of the North-half of said Southwest Quarter, a distance of 566.06 feet to the Westerly Right-of-Way Line of Illinois Route 251; thence South 2 degrees 34 minutes 38 seconds West along said Westerly Right-of-Way Line, a distance of 20.02 feet to the Point of Beginning, containing 11,321.2 square feet, more or less, subject to all easements, agreements, city codes and/or ordinances of record, if any, all situated in the City of Rochelle, the County of Ogle, and the State of Illinois.

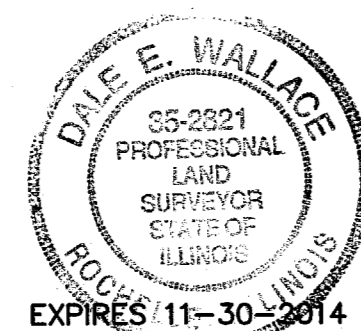
DRAINAGE EASEMENT - 2

OF PROPERTY DESCRIBED AS: Part of the North-half of the Southwest Quarter of Section 13, Township 40 North, Range 1 East of the Third Principal Meridian, bounded and described as follows:

Commencing at the intersection of the South Line of the North-half of the Southwest Quarter of said Section 13 and the Westerly Right-of-Way Line of a public road designated Illinois Route 251; thence South 90 degrees 00 minutes 00 seconds West along the South Line of the North-half of said Southwest Quarter, a distance of 566.06 feet; thence North 2 degrees 34 minutes 38 seconds East, parallel with said Westerly Right-of-Way Line of Illinois Route 251, a distance of 310.06 feet to the Point of Beginning of the hereinafter described drainage easement; thence continuing North 2 degrees 34 minutes 38 seconds East, parallel with said Westerly Right-of-Way Line of Illinois Route 251, a distance of 140.14 feet; North 90 degrees 00 minutes 00 seconds East, parallel with the South Line of the North-half of said Southwest Quarter, a distance of 266.07 feet; thence South 2 degrees 34 minutes 38 seconds West, parallel with said Westerly Right-of-Way Line of Illinois Route 251, a distance of 140.14 feet; thence South 90 degrees 00 minutes 00 seconds West, parallel with the South Line of the North-half of said Southwest Quarter, a distance of 266.07 feet to the Point of Beginning, containing 37,249 square feet, more or less, subject to all easements, agreements, city codes and/or ordinances of record, if any, all situated in the City of Rochelle, the County of Ogle, and the State of Illinois.

Dated this 28th day of May, 2013, A.D., at the office of Survey-Tech.

Dale E. Wallace, Illinois Professional Land Surveyor No. 35-2821



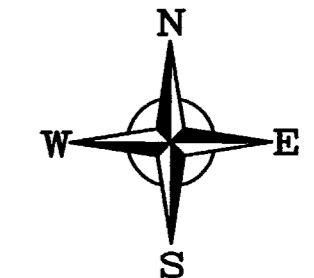
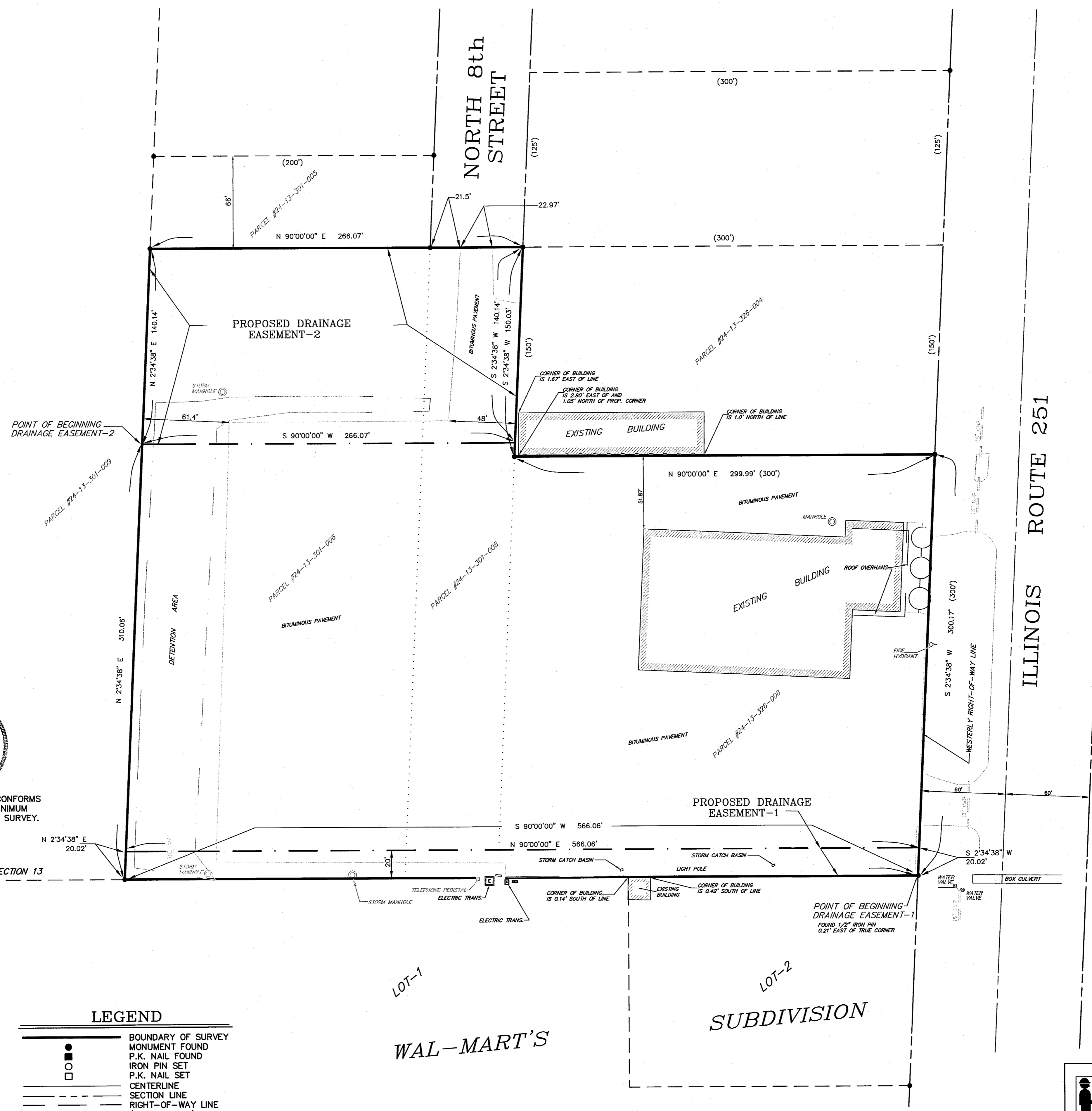
THIS PROFESSIONAL SERVICE CONFORMS WITH THE CURRENT ILLINOIS MINIMUM STANDARDS FOR A BOUNDARY SURVEY.

SOUTH LINE OF THE NORTH-HALF OF THE SOUTHWEST QUARTER OF SECTION 13

LEGEND	
—●—	BOUNDARY OF SURVEY
○	MONUMENT FOUND
○	P.K. NAIL FOUND
○	IRON PIN SET
○	P.K. NAIL SET
---	CENTERLINE
---	SECTION LINE
---	RIGHT-OF-WAY LINE (APPROXIMATE)
—x—x—	FENCE LINE

WAL-MART'S

LOT-2 SUBDIVISION

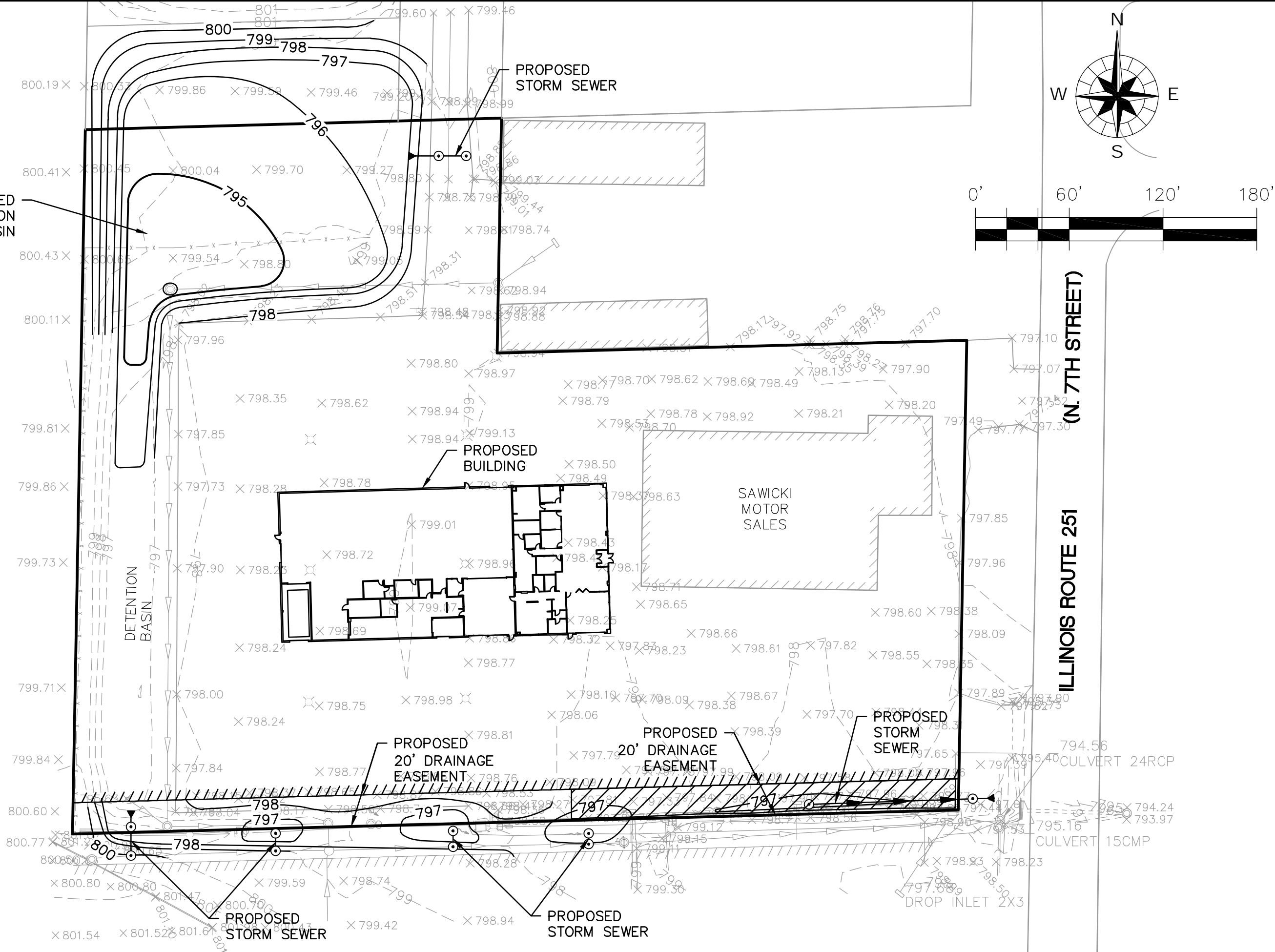


SURVEY-TECH A DIVISION OF C.E.S., INC. PROFESSIONAL DESIGN FIRM LICENSE NO. 184-001260 P.O. BOX 634 ROCHELLE, ILLINOIS 61068 (815)-562-8771 FAX: (815)-562-6555		
DATE: 5-28-2013	SCALE: 1" = 40'	DRAWN BY: DEW REVISED:
CITY OF ROCHELLE DRAINAGE EASEMENTS		
ACAD: s12913-5-28-13	CITY OF ROCHELLE OGLE COUNTY	FILE NUMBER: s129-13

EXHIBIT D
(Phase I Preliminary Plans for Storm Water Improvements)

W:\Projects\2012\120159 Sawicki\Drawings\PH120159.dwg, PH1, 5/24/2013 3:08:13 PM, emiller

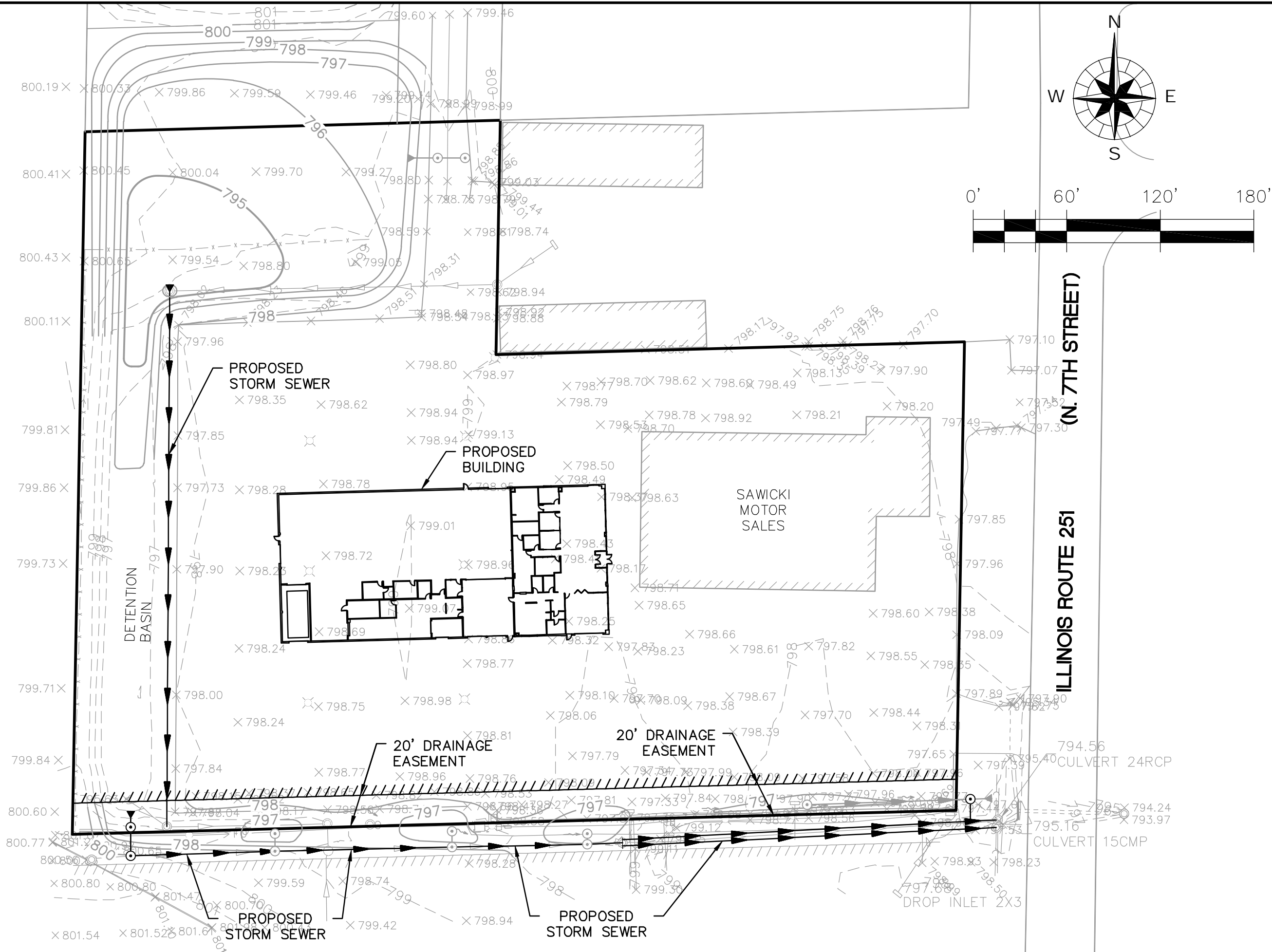
EXPANDED
DETENTION
BASIN



PROJECT NO. 120159		DATE: 05/23/2013		SHEET 1 OF 2		DRAWING NO.	
PH1							
CLIENT: WILLS BURKE KELSEY ASSOCIATES LTD. 116 West Main Street, Suite 201 St. Charles, Illinois 60174 (630) 443-7755				CITY OF ROCHELLE 420 N. 6TH STREET ROCHELLE, IL 61068 815-561-2023			
DSGN. JWW DWN. JWW CHKD. JWW SCALE: 1" = 60' PH120159.DWG		TITLE: SAWICKI MOTORS DRAINAGE IMPROVEMENTS		PHASE 1		NATURE OF REVISION NO. DATE	

EXHIBIT E
(Phase II Preliminary Plans for Storm Water Improvements)

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PROJECT NO. 120159		DATE: 05/23/2013		SHEET 1 OF 2		DRAWING NO.	
PH2		PH120159.DWG		SCALE: 1" = 60'		NATURE OF REVISION	
NO.	DATE	CITY OF ROCHELLE 420 N. 6TH STREET ROCHELLE, IL 61068 815-561-2023					
CLIENT:		WILLS BURKE KELSEY ASSOCIATES LTD. 116 West Main Street, Suite 201 St. Charles, Illinois 60174 (630) 443-7755					
TITLE:		SAWICKI MOTORS DRAINAGE IMPROVEMENTS					
DSGN.	JWW	CHKD.	JWW	PHASE 2			
DATE		DATE					