



City of Chicago  
Richard M. Daley, Mayor

Department of Housing  
and Economic Development

City Hall, Room 1000  
121 North LaSalle Street  
Chicago, Illinois 60602  
(312) 744-4190 (Voice)  
(312) 744-2271 (FAX)  
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<http://www.cityofchicago.org>

March 31, 2011

**BY CERTIFIED MAIL:**

Bernard Citron  
Thompson Coburn LLP  
55 East Monroe Street  
37th Floor  
Chicago, IL 60603

Re: ASAT Inc. Redevelopment Agreement dated as of May  
31, 2007, by and between the City of Chicago and ASAT,  
Inc. ("Agreement")

Dear Mr. Citron:

Pursuant to the above-referenced Agreement, the City conveyed the real estate located at 6401-15 North Rockwell Avenue to ASAT for \$1.00 in consideration of ASAT's agreement to construct a 6-story mixed-use building, containing 6 retail spaces, 30 condominium units (including 6 affordable units), and a 215-space parking garage. ASAT also agreed to build a public plaza (together with the mixed-use building, the "Project"). At the time the City conveyed 6401-15 North Rockwell Avenue, the land had a fair market value of approximately \$915,000.

ASAT approached the City in 2009 to discuss amending the Agreement, but did not follow-through with the amendment process and has since ignored the City's requests for follow-up information. We are aware that ASAT has abandoned construction of the condominium units, and is only proceeding with construction of the retail spaces and parking garage. Accordingly, this letter serves as written notice that ASAT is in default of the following provisions of the Agreement:

1. ASAT has abandoned construction of the condominium units in violation of the covenant to redevelop set forth in Section 8.02 and, more specifically, the affordable housing covenant set forth in Section 8.20. Since ASAT received a land write-down for the Project, its failure to construct the affordable units is a violation of both the Agreement (regardless of whether ASAT received any TIF funds) and the City's affordable housing ordinance and is subject to remedies and penalties under both.

2. ASAT has failed to complete the Project in accordance with the time line set forth in Section 3.01 (requiring completion of the





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Project no later than May 31, 2009, extended to Aug 29, 2009, by letter dated June 4, 2009).

3. ASAT has failed to obtain the City's approval for changes to the original Scope Drawings and Plans and Specifications and Project Budget in accordance with Section 3.02 (Scope Drawings and Plans and Specifications), Section 3.03 (Project Budget) and Section 3.04 (Change Orders).

4. ASAT has failed to submit written quarterly progress reports detailing the status of the Project in accordance with Section 3.07.

5. ASAT has failed to cause the Developer's Architect to submit AIA Form G-703 or similar forms on a monthly basis in accordance with Section 3.09(b).

6. ASAT has failed to submit competitive bids to the City for written approval in accordance with Section 6.01(a) and to obtain the City's approval of the Construction Contract with the General Contractor in accordance with Section 6.02.

7. ASAT has failed to submit monthly written progress reports detailing compliance with the requirements of Section 8.09 (Prevailing Wage), Section 10.02 (City Resident Construction Worker Employment Requirement), and Section 10.03 (MBE/WBE Commitment). The City held a preconstruction meeting with ASAT on April 9, 2009, at which all matters relating to compliance were discussed, including MBE/WBE participation, local hiring and the Illinois Prevailing Wage decision. As of August 24, 2009, the local hiring percentage was 33.69% and the MBE and WBE participation rates were both 0%. Although three MBE firms performed work, ASAT did not submit certifications and thus all three are listed as "pending" with the developer. The City also identified three workers whose wages do not match the wage decision.

8. ASAT has failed to submit audited and unaudited financial statements to the City on an annual basis in accordance with Section 8.13.

Section 15.03 of the Agreement gives ASAT 10 days from receipt of this notice to cure monetary defaults, including a default under Section 8.20 (Affordability Covenants), and 30 days to cure other defaults. If ASAT does not cure or begin to cure the specified defaults within the relevant time periods, the City may utilize any and all remedies available to it at law or in equity. We recommend that ASAT schedule a meeting with this department as soon as possible.






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City of Chicago, acting by and through its  
Department of Housing and Economic Development

By: 

cc: ASAT Investments, Inc.  
1516 W. Farwell Avenue  
Chicago, Illinois 60626

Alderman Bernard Stone  
Mary Bonome/HED  
Don Hohenadel/HED  
Christopher Jang/HED

