



December 16, 2016
Theresa H. Tarka
Purchasing Assistant
Village of Downers Grove
801 Burlington Avenue
Downers Grove, IL 60515

Ms. Tarka,

Thank you very much for the opportunity to bid on the acquisition of the Downtown Downers Grove Redevelopment site. We are very familiar with the site and its location within the Village and are very eager to come to terms. We believe that this site would be an excellent addition to the K. Hovnanian brand and a positive addition to the community.

A little about who we are as a company: K. Hovnanian is an experienced local developer that has closed on more than 30 properties over the past 4 years. Nationally, we are the 9th largest public homebuilder in the nation with 193 active selling communities across 14 states. Our local resources are extensive, to include a land acquisition and development team of 10 full-time professionals with vast amounts of experience. We are very confident in our performance and envision our proposed development to be a great success within the Village.

Our preliminary vision for the site is for a collection of 7-unit, 3-story attached townhome buildings with up to 3 bedrooms, 2.5 baths and a 2 car garage. The homes will feature crisp, clean aesthetics and open floor plans combining style, efficiency and adaptability. Facades and floor plans will be designed to include some of K. Hovnanian's most popular features while fitting in seamlessly with the architectural character of the Village. Floor plans and features will vary by unit, but each home will offer a large master suite with luxury master bath, hardwood floors, soundproofing between units, as well as a variety of other high end finishes. This concept is very similar to what we are currently building at our Parkside of Libertyville community in Libertyville, IL. Our hope is that the bustling Main Street corridor and proximity to the train will appeal to professionals who wish to stay in or move into the Village of Downers Grove.

We have performed a thorough review of all of the supporting documents to the RFP and are confident that we can handle any and all challenges associated with this development. We are aware that demolition is a necessity to this project and that environmental remediation (per the Phase 1) is likely. Our offer price is reflective of the assumption that the Village will be performing both the demolition and the remediation activities (if needed, pending completion of a Phase II). If these assumptions are incorrect, then K. Hovnanian would have no issue in handling these tasks ourselves, with a price reduction reflecting the true cost of said activities. K. Hovnanian has in-depth experience remediating recognized environmental conditions (RECs) and has close working relationships with several environmental consultancies that are ready to take action. Per the RFP and upon acceptance of our offer, K. Hovnanian plans to engage a traffic engineer to perform a traffic study and make suggestions to resolve the pedestrian and vehicle conflict currently seen at the Washington Street crossing. Upon closing, we will work to implement the approved plans in lockstep with the beginning of our land development activities.

It is our understanding that the development will need to occur in phases in order to operate with full Village services while the new Village Hall and Police Station is being constructed. We are fully open to this idea and look forward to the opportunity to work with the Village in order to establish timelines that work for all involved. In order to accomplish this, we would hope to schedule a meeting with you and

staff at your earliest convenience following a successful bidding process, to discuss possible plans and work together to come up with something agreeable.

On the next page you will find the details of our offer in a Letter of Intent. We hope that you find our attached offer and interest in your property to be a compelling one. If this sounds agreeable to you, or if you have any comments or questions prior to making your decision, please feel free to call me at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read 'John Konovodoff', written in a cursive style.

John Konovodoff, Land Acquisition Manager
Phone: (630) 210-8894
Fax: (630) 946-6629
JKonovodoff@khov.com



December 16, 2016

Theresa H. Tarka
Purchasing Assistant
Village of Downers Grove
801 Burlington Avenue
Downers Grove, IL 60515
via email: ttarka@downers.us

Letter of Intent to Purchase Downers Grove Downtown Redevelopment parcel

Dear Ms. Tarka:

Thank you for this opportunity to express our interest in the 3.54 acre parcel currently housing the Downers Grove Police Department and Village Hall. We are pleased to present this Letter of Intent to Purchase by K. Hovnanian T&C Homes at Illinois, LLC (d/b/a K. Hovnanian Homes), with terms of the proposed acquisition as outlined below:

Subject Property: 3.54 acres located at 801-825 Burlington Avenue; 842 Curtiss Street in Downers Grove, IL, commonly known as the Downers Grove Police Department and Village Hall

Concept: We propose a collection of 7-unit, 3-story townhome buildings consisting of at least 42 units, that will appeal to residents of Downers Grove as well as the surrounding areas. Homebuyers will be attracted to the site's close proximity to Downtown Downers Grove, transportation, retail, dining, and recreational opportunities.

Qualifications: K. Hovnanian Homes is uniquely capable of executing on the subject property based on the following track record and credentials:

- Hovnanian is the 9th largest public homebuilder in the nation, with 193 active selling communities in 14 states.
- K. Hovnanian does not require project-level financing, and can fund all new acquisitions with cash-on-hand and corporate lines of credit.
- In total since 2011, K. Hovnanian has invested approximately \$110M in land acquisition and development in the Chicago Market alone.
- In recent years, K. Hovnanian has successfully obtained final plat of subdivision and engineering approvals on new or significantly modified developments in municipalities such as Naperville, Lisle, Wheaton, Glen Ellyn, Libertyville, Mundelein, Palatine, Lake Forest, Plainfield, North Aurora, South Elgin, St. Charles and City of Chicago.
- K. Hovnanian's local resources include a land acquisition and land development team of ten (10) full-time professionals providing unparalleled competencies in market analysis, underwriting,

K. Hovnanian Homes
1804 N. Naper Boulevard, Suite 200, Naperville, IL 60563
Main: (630) 210-8888 | Fax: (630) 946-6629

entitlements and zoning, land planning, engineering, development, and project management.

- Purchase Price:** \$2,200,000 (+/- \$621,468/acre) paid in two phases
\$750,000 to be paid in Phase 1
\$1,450,000 to be paid in Phase II
- Earnest Money:** Purchaser shall deposit \$50,000 in earnest money in the form of a Homebuyers Financial Services LLC Letter of Credit into a joint order escrow account within five (5) business days of contract execution, which shall be applicable to the Purchase Price. Earnest Money shall be refundable through the Approval Period and applicable to Phase I Closing.
- Feasibility Period:** One Hundred and Twenty (120) days starting at contract execution, during which time the Purchaser shall perform physical due diligence and pursue the proposed development Concept. During the Feasibility Period, Purchaser may terminate the Agreement for any reason. Purchaser will look to the Village to complete the Phase II environmental assessment during this time.
- Approval Period:** Three Hundred and Thirty (330) days following the Feasibility Period to seek satisfaction of the Contingencies (as defined below). Purchaser shall complete entitlements on the Property and pursue completion of the Approvals at its own expense from and after the Contract Date.
- Extensions:** Upon request from Purchaser, Seller shall grant up to two (2) Extensions to the Approval Period in sixty (60) day increments, provided that Purchaser is working in good faith and making progress with Approvals.
- DD Materials:** Upon execution of the contract, Seller shall provide Purchaser with copies of any reports, investigations, studies, plans, agreements or documents pertaining to the property in its possession (the “Existing Due Diligence Materials”).
- Phase I Closing:** Subject to the satisfaction or waiver of all Approvals, the Closing shall take place no later than thirty (30) business days following the Approval Period, as may be extended.
- Phase II Closing:** Subject to the satisfaction or waiver of all Approvals, the Phase II Closing shall take place no later than one (1) year following the Phase I Closing, as may be extended
- Assumptions & Contingencies:**
- Village water & sewer with sufficient capacity and depth from Curtiss St, and all easements which may be necessary to extend mains to site.

- Approval of Redevelopment Agreement (RDA) with the Village, Preliminary & Final Plats of Subdivision, Architecture, Impact Fee Agreements and other agreements or approvals as may be required to construct Purchaser's concept.
- Total unit yield of no less than Forty Two (42) units.
- Third-party development permits and/or approvals, including but not limited to DuPage County.

Real Estate Broker: Purchaser is not represented by a Real Estate Broker in connection with this transaction. Seller shall be solely responsible for, and shall indemnify Purchaser from and against, any and all broker commissions due to or claimed by any person or entity engaged by or claiming to have been engaged by Seller in connection with this transaction.

Please note that the only instrument executed that shall be binding between Purchaser and Seller, with respect to this property, shall be an executed Purchase & Sale Agreement and not this Letter of Intent.

If these terms are acceptable, please have the appropriate representative sign below and return the original to my attention at K. Hovnanian Homes so that a Purchase & Sale Agreement can be prepared.

Thank you for providing K. Hovnanian Homes with the opportunity to make a proposal to purchase this Property. Please call me with any questions you may have.

Sincerely,

K. HOVNANIAN HOMES



John Konovodoff
Land Acquisition Manger
Phone: (630) 210-8894
Fax: (630) 946-6629
JKonovodoff@KHov.com

Owner/Representative Signature

Date

Cc: Andy Konovodoff, Division President
Ray Blankenship, Area Vice President
Scott Barenbrugge, Director of Land Acquisition



CALL FOR OFFERS / REQUEST FOR PROPOSAL

Name of Proposing Company: K. Hovnanian Homes

Project Name: Call for Offers/Request for Proposal for 3.54 acre portion
of Civic Center Property
Proposal No.: RFP-0-61-2016/tt
Proposal Due: December 16, 2016 at 3:00 p.m. local time
Pre-Proposal Conference: Not Applicable

Date Issued: November 7, 2016
This document consists of 6 pages

Return **original** and **four duplicate copies** and **one CD or flash drive** of proposal in a **sealed envelope** marked with the Proposal Number as noted above to:

THERESA H. TARKA
PURCHASING ASSISTANT
VILLAGE OF DOWNERS GROVE
801 BURLINGTON AVENUE
DOWNERS GROVE, IL 60515
PHONE: 630/434-5530
FAX: 630/434-5571
www.downers.us

Village of Downers Grove

Summary Information

Property	Phase I - 1.42 acres as shown on site plan Phase II - 2.12 acres as shown on site plan
Price	Market
Owner	Village of Downers Grove, IL
Property Address	801-825 Burlington Avenue; 842 Curtiss Street
Current Zoning	DT (Downtown Transition)
Bulk Regulations	Street Setback 10 feet Side Setback 5 feet Rear Setback 20 feet Height 60 feet FAR 2.5
Uses to be Considered	Multi-family residential, single-family attached/rowhomes, office or mixed-use development
Issue Date	November 7, 2016
Responses Due	No later than 3:00 p.m. CST, December 16, 2016
Response Format and Requirements	Please submit proposals to Village of Downers Grove, IL Attn: Terri Tarka, Purchasing Assistant. Provide five (5) hard copies of the response and the full response in a digital format.
Background Information	Available on the Village website at: www.downers.us/govt/village-managers-office/facility-sustainability-plan
Questions	Questions should be directed to Terri Tarka, Purchasing Assistant at ttarka@downers.us . Responses will be posted to the Village's website, the Village's E-procurement site and made available to interested parties.

Call for Offers / Project Summary

The Village of Downers Grove (“Village”) invites all interested and qualified developers to submit a proposal for the acquisition and redevelopment of a 3.54 acre site in Downtown Downers Grove.

The Village plans to construct a new Police Station/Village Hall Combined Facility (“Combined Facility”) located on the Civic Center Property adjacent to the existing Fleet Maintenance Garage. The size of the Combined Facility will be approximately 60,000 to 70,000 square feet and will accommodate parking for visitors and staff. Eighty-six (86) commuter parking spaces will be relocated from the existing parking lot on the west side of the Civic Center site to a portion of the site along the railroad tracks, as shown on the attached site plan.

This RFP is seeking proposals for the development of the 3.54 acres that will ultimately be vacated by the creation of the above referenced facility. The desired 3.5 acre development would be phased and coordinated with the Village as it vacates the subject sites. The desired development would not exceed 60 feet in height and would be constructed in phases in the area designated for redevelopment (designated as Phase I and Phase II). The Village is willing to consider the following uses for the property to be developed: multi-family residential, single-family attached/rowhomes, office or mixed-use development. The Village also intends for the redevelopment of the site to address pedestrian and traffic-related conflicts at the Washington Street railroad crossing.

The Village has provided the following information to assist interested purchasers in preparing offers:

1. A concept/site plan indicating:
 - a. Phase I and Phase II of the property available for purchase and redevelopment
 - b. The general location of the Combined Facility and parking for visitors and Village staff/vehicles
 - c. An area designated for the relocation of 86 commuter parking spaces
2. Boundary/topographic survey of the site
3. Phase I Environmental Report for the Civic Center property

Key Terms

The successful developer will enter into a Redevelopment Agreement (“RDA”) with the Village. The RDA will include the following key terms:

1. Developer shall develop both phases of the Project according to plans reviewed and approved by the Village.
2. Developer shall work cooperatively with the Village to coordinate the construction of the Combined Facility and both Phases of the development.
3. Construction of Phase I shall not interfere with or impede the operations of the Police Station. The Police Station shall remain open and operational during the construction of Phase I.
4. The Phase II property will not be sold to the purchaser until the Village has successfully relocated all Police functions into the newly constructed Combined Facility.
5. A parking lot for 86 commuter parking spaces will be constructed in the designated area as shown on the site plan.
6. The developer and the Village shall adhere to an agreed-upon construction schedule.
7. The developer shall not seek a reduction in the assessed value of the properties without written consent of the Village.

Submission Requirements

All respondents must complete the form below and submit it with the other required submission information described below.

1. Provide name of Purchaser and associated entities.

2. Purchase Price Phase I Parcel: \$ 750,000

Phase II Parcel: \$ 1,450,000

3. Type of Development Proposed (Check One)

- Multi-Family Residential - Apartments
- Multi-Family Residential - Condominiums
- Single-family Attached/Rowhomes
- Office
- Mixed-Use Development

4. Proposed Redevelopment Project

Phase I, Number of Units/Square Footage: Two (2), seven unit (7) buildings

for a total of fourteen (14) units. Each building footprint is approximately 7,387 sqft

Phase II, Number of Units/Square Footage: Four (4), seven unit (7) buildings

for a total of twenty eight (28) units.

5. Include concept diagrams to illustrate proposed project.

6. Describe the capitalization of the development and method of financing. Provide a project budget summary.

7. Identify purchaser's conditions to acquire the properties, including due diligence timeline and any developer-driven contingencies and internal processes for approval.

8. Provide information demonstrating experience in development projects of similar size and scope.

Submission Requirements (con)

1. Name of Purchaser and associated entities.

K. Hovnanian T&C Homes at Illinois L.L.C.

6. Describe the capitalization of the development and method of financing. Provide a budget summary.

K. Hovnanian is a publicly traded company with substantial cash reserves and access to capital markets. We do not require project-level financing, and can fund all new acquisitions with cash-on-hand and corporate lines of credit.

Project Budget Summary

Acquisition	\$	2,200,000
Demolition		Village to Complete
Environmental		Village to Complete
Site Infrastructure (roads, utilities, etc)	\$	2,300,000
Construction Costs	\$	13,500,000
Total Budget	\$	18,000,000

7. Identify purchaser's conditions to acquire the properties, including due diligence timeline and any developer-driven contingencies and internal process for approval.

Conditions

As stated previously, Purchaser has made the assumption that the Village will be performing both the demolition and the remediation activities (if needed, pending completion of a Phase II). If these assumptions are incorrect, then K. Hovnanian would have no issue in handling these tasks ourselves, with a price reduction reflecting the true cost of said activities. Purchaser also has the following conditions to acquire the property:

- Village water & sewer with sufficient capacity and depth from Curtiss St, and all easements which may be necessary to extend mains to site.
- Approval of Redevelopment Agreement (RDA) with the Village, Preliminary & Final Plats of Subdivision, Architecture, Impact Fee Agreements and other agreements or approvals as may be required to construct Purchaser's concept.
- Total unit yield of no less than Forty Two (42) units.
- Third-party development permits and/or approvals, including but not limited to DuPage County.

Due Diligence Timelines

As stated in the attached LOI, Purchaser requests a Feasibility Period of one hundred and twenty (120) days starting at contract execution, during which time the Purchaser shall perform physical due diligence and pursue the proposed development Concept. Following the successful completion of the Feasibility Period, Purchaser requests three hundred and thirty (330) days to seek satisfaction of the Contingencies (as previously defined). Purchaser shall complete entitlements on the Property and pursue completion of the Approvals at its own expense from and after the Contract Date. Upon request from Purchaser, Purchaser requests Seller to grant up to two (2) Extensions to the Approval Period in sixty (60) day increments, provided that Purchaser is working in good faith and making progress with Approvals. Subject to the satisfaction or waiver of all Approvals, the Phase I Closing shall take place no later than thirty (30) business days following the Approval Period, as may be extended. Subject to the satisfaction or waiver of all Approvals, the Phase II Closing shall take place no later than one (1) year following the Phase I Closing, as may be extended

8. Provide information demonstrating experience in development projects of similar size and scope.

While K. Hovnanian has a great depth of experiences on many different types and sizes of projects, the two most recent developments that are closely related to this project are Parkside of Libertyville and Sauganash Glen.

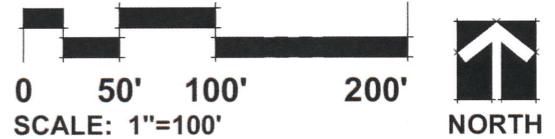
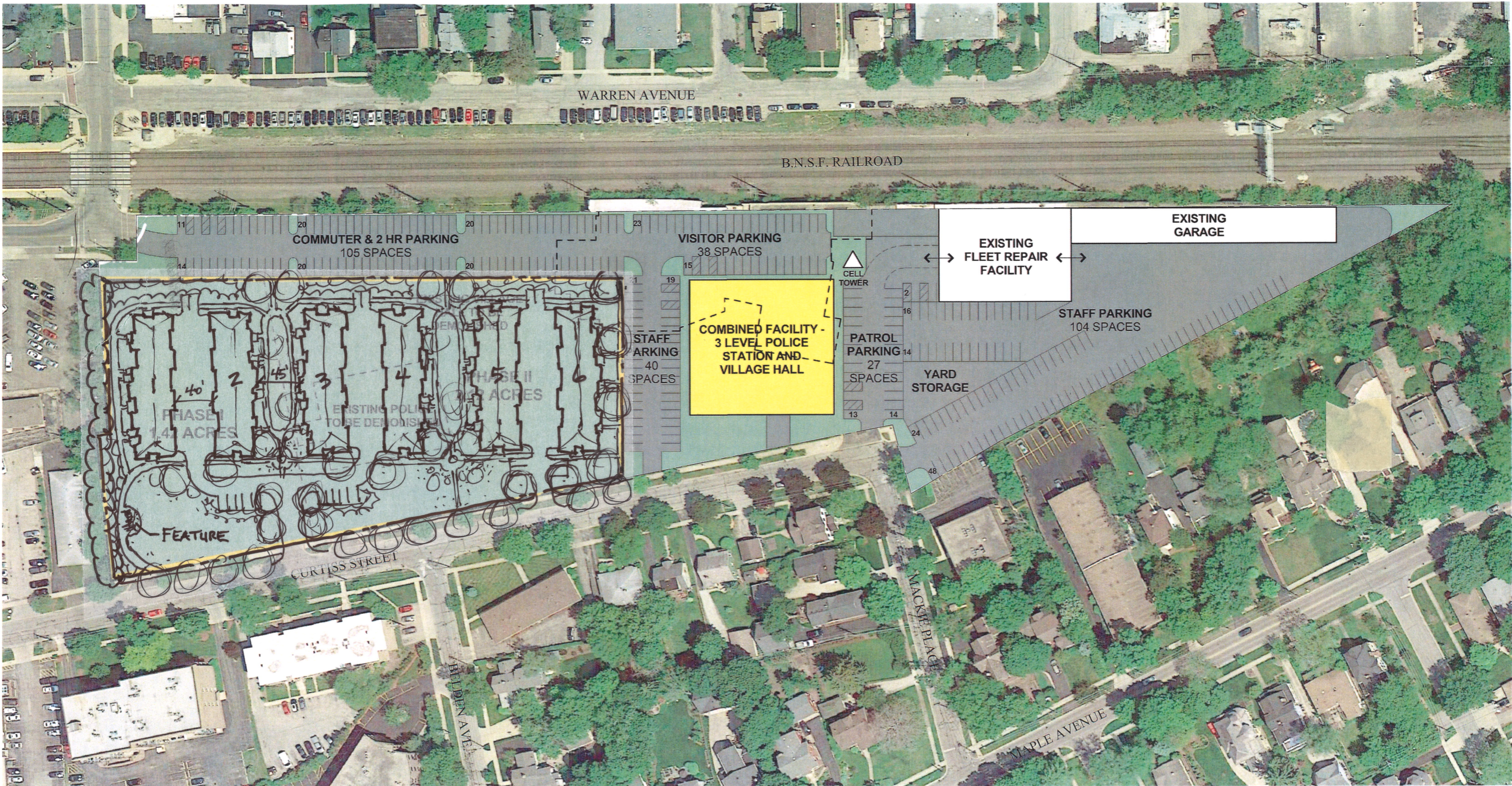
Parkside of Libertyville is a 56 unit luxury townhome community located in the Historic Libertyville Downtown District. The Village of Libertyville is an upscale northern suburb of Chicago located in Lake County with one of the most highly sought-after downtowns in the Northern Suburbs. Residents are provided with easy commuter access to all of Lake and Cook Counties via a Metra station running to Chicago throughout the day as well as close proximity to the Interstate 94 employment corridor. Parkside of Libertyville is located with walking distance of both the Metra and the downtown. The 5.2 acre site was approved and platted for 8 townhome buildings of 7-units each, all accessed via a single cul-de-sac featuring a robust landscaping plan. The site certainly presented its own share of challenges with a former municipal building requiring demolition and RECs requiring environmental remediation. K. Hovnanian worked with DAI Environmental to perform the necessary environmental cleanup based on the IEPA Approved Remedial Action Plan (RAP) prior to development. Following the cleanup, Land Development for the site was completed and the model is now mid-way through construction. K. Hovnanian aims to open this community for sale in February. This project was the basis for our Downers Grove Downtown Redevelopment concept.

Sauganash Glen is a K. Hovnanian community located within the City of Chicago. The property is located in one of the safest and most highly regarded neighborhoods in the City of Chicago. In addition to having excellent schools and low crime, Sauganash is well maintained, well located near transportation and has many conveniences and amenities, attracting and leading to many long term residents. The property was previously zoned and entitled for 35 single family homes via a Planned Development (PD) agreement in 2004. The property was formerly an office building occupied first by Walgreens corporate and then by Skil Tools Corporate. The building has since been demolished. Underground Storage Tanks (USTs) did exist on the property, however they have since been removed and documented appropriately. A Phase I investigation revealed No RECs in connection with the property. Prior to development, the property was largely covered by a parking lot and building debris. The now actively selling community features 35 luxury single family units with six spacious home designs ranging from 3,852 to 4,342 square feet. Each home is on a 30' x 125' lot, providing 6' of side yard separation between each 24' wide home.

Village of Downers Grove

Proposed Schedule

Task	Target Date
Publish Call for Offers/Request for Proposal	Nov. 7, 2016
Offer Submittal Deadline	Dec. 16, 2016 3:00 p.m.
Analysis and Review of Offers	Dec.-Jan. 2017
Village Council Consideration of Offers and Direction on Facilities Plan	Feb. 2017
Preparation of Redevelopment Agreement with Preferred Developer (If Directed to Proceed by Village Council)	Feb.-Mar. 2017



CONCEPT PLAN
 DOWNERS GROVE, ILLINOIS

12/15/2016

PHASE 1 = 14
 PHASE 2 = 28
 42 UNITS



LAND PLANNING
 ECOLOGICAL CONSULTING
 LANDSCAPE ARCHITECTURE
 212 SOUTH MAIN STREET
 WHEATON, ILLINOIS 60187
 PHONE: 630-668-7197
 GARY R. WEBER
 ASSOCIATES, INC.

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