

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("Memorandum") is entered into as of the 26th day of March, 2009, by and between Chicago 2016, an Illinois not for profit corporation, together with any successor organizing committee for the 2016 Games (defined below), which entity will likely be assigned Chicago 2016's rights and assume Chicago 2016's obligations under this Memorandum (collectively, "Chicago 2016") and the Co-Chairs of the Chicago 2016 Outreach Advisory Council, an advisory council to Chicago 2016 of leaders from Chicagoland community-based organizations (the "Council").

RECITALS

WHEREAS, the City of Chicago (the "City") has been accepted by the International Olympic Committee (the "IOC") as a candidate city to host the 2016 Olympic and Paralympic Games (the "2016 Games");

WHEREAS, Chicago 2016 has been appointed by the City to act as the organizing committee for the City's bid to host the 2016 Games;

WHEREAS, as part of the bid process, Chicago 2016 is competing with other organizing committees in other international cities for the honor of being awarded the 2016 Games by the IOC on October 2, 2009;

WHEREAS, Chicago 2016 seeks to achieve a level of participation in contracting opportunities for minorities, women and persons with disabilities that would meet or exceed the levels of participation attained by previous U.S. cities privileged to host the Olympic and Paralympic Games;

WHEREAS, the Council is composed of the community organizations set forth on Exhibit A attached hereto;

WHEREAS, the Council was formed to, among other things, gather community input on a range of issues expected to affect the Chicagoland area as a result of the City's hosting of the 2016 Games and develop a list of community-based initiatives targeted toward housing, employment and contracting objectives to ensure broad community-based participation in the 2016 Games and the related employment and economic benefits;

WHEREAS, the Council intends to, among other things, target underserved communities and neighborhoods which will be directly impacted by the 2016 Games, as well as minorities, women, persons with disabilities, veterans, ex-offenders and at-risk youth to share in the benefits to the City and Chicagoland area that result from the 2016 Games; and

WHEREAS, based on the input the Council has obtained from various community-based organizations, Chicago 2016 and the Council are entering into this Memorandum to memorialize the broad shared goals and objectives of the parties hereto.

NOW, THEREFORE, in consideration of the foregoing, the parties hereto agree as follows:

1. **Construction, Contracting and Procurement Objectives:** In order to increase opportunities for diversity, to provide timely knowledge of and access to construction-related employment opportunities, as well as contracting and procurement opportunities in connection with the 2016 Games, where feasible and within the scope of Chicago 2016's mission and purpose, Chicago 2016 hereby agrees, subject to applicable law, to support the following objectives:

a. **Implementation of Diversity Program:** the 2016 Olympic and Paralympic Games Act (the "Act"), which is expected to be passed by the Illinois General Assembly, is expected to mandate a diversity program with minimum targeted procurement objectives (25% for minority-owned business enterprises and businesses owned by persons with disabilities, and 5% for women-owned business enterprises) that will address diversity initiatives and contracting goals for the 2016 Games;

b. **Compliance Monitoring:** the Act is expected to include an independent compliance monitoring body with quarterly meeting requirements that will measure indirect and direct compliance with employment and contracting objectives according to ethnicity, gender, persons with disabilities, and whether the reported outcomes comply with overall objectives and contractual obligations, as well as measuring prime contractor and sub-contractor participation;

c. **Annual Reports:** the Act is expected to require an independent annual report of records and activities;

d. **Real-Time Reporting:** the development of an Internet-based reporting system for all construction-related contractors to provide real-time payroll and contracting data;

e. **Asset Mapping:** the development of a program that identifies the human, material, financial and other resources in the Chicagoland area in order to determine the availability of (i) minority and women-owned business enterprises ("M/WBEs"), (ii) business enterprises owned by persons with disabilities ("BEPDs"), and (iii) veteran-owned business enterprises ("VBEs") to bid for and work on projects related to the 2016 Games, as well as the availability of potential target market opportunities and specific sectors where Chicago 2016 and vendors have opportunities to exceed minimum targets (i.e., achieve greater than 30% participation for minority-owned firms and firms owned by persons with disabilities, and 10% participation for women-owned firms) and meet or exceed levels of participation attained by previous U.S. cities privileged to host the Olympic and Paralympic Games;

f. **Category-based Strategic Sourcing:** the development of individual strategies for procurement within each category to identify ways to reduce total cost and exceed target levels of participation (30% participation by minority-owned firms and firms owned by persons with disabilities, and 10% participation for women-owned firms) for each such category, and meet or exceed levels of participation attained by previous U.S. cities privileged to host the Olympic and Paralympic Games;

g. Prime/Tier 1 M/WBE, BEPD and VBE Awards: make concerted efforts to seek opportunities for M/WBEs, BEPDs and VBEs to become prime contractors instead of sub-contractors;

h. Identify, Recruit and Pre-Qualify M/WBEs, BEPDs and VBEs: work with community-based organizations and capable local assist agencies to identify, recruit and pre-qualify a preferred list of highly qualified and ready-to-work M/WBEs, BEPDs and VBEs, and make this list available to all contracting parties;

i. Procurement Scorecard: institute a procurement scorecard that gives preference to vendors who are most responsive to the following: (i) inclusion of M/WBEs and BEPDs in their sub-contractor, partner and vendor relationships, (ii) hiring women, minorities, persons with disabilities and veterans, (iii) balancing their 2016 Games-related hiring and sub-contracting within each represented racial and ethnic minority group, (iv) hiring graduates from workforce development and training programs, and (v) hiring within the impact zone, specifically within a 1-mile radius of the Olympic Village, the Olympic Stadium, the Velodrome venue in Douglas Park and the Olympic Aquatics Center. The procurement scorecard will also include the following:

(i) Majority/Minority Partnering Incentives: the development of incentives for majority-owned firms to partner with M/WBEs and BEPDs;

(ii) Other Partnering Incentives: the development of incentives for M/WBEs and BEPDs to partner with other M/WBEs and BEPDs to then jointly market and promote themselves as prime contractors;

(iii) Inclusion of Small Businesses: provide eligibility requirements to small businesses and make available projected spending information and bid criteria to allow small businesses to prepare and make bids; and

(iv) Preference Program for Local Firms: the development of a program to provide financial or other incentives to local businesses (located in the City, the six-County region and the State of Illinois) that bid on construction projects;

j. Project Labor Agreement: Chicago 2016 will enter into a multi-project labor agreement regarding the construction projects required to be completed to host the 2016 Games and will work with the labor organizations to develop a process by which traditionally under-represented groups and residents of Chicago can be trained and certified to participate in training and apprenticeship programs, Chicago 2016 will support having 10% of the construction hours on 2016 Games projects worked by minority/ low or moderate income apprentices who have matriculated from the Chicago Public Schools or the City Colleges of Chicago;

k. Service Employees: with respect to custodial, security and related employees hired by Chicago 2016, to the extent such positions are not otherwise included in a bargaining unit recognized under the National Labor Relations Act,

Chicago 2016 will negotiate in good faith regarding a labor neutrality and card check recognition agreement to cover those employees;

l. Contractor Commitments: a contractual requirement in all construction contracts requiring contractors to fully and completely abide by hiring and/or subcontracting requirements of Chicago 2016 and its affiliates, as specified in the contract, including a penalty provision for any contractor non-compliance;

m. Site & Safety Monitoring: the development of a site and safety monitoring program to measure demographic data, wage compliance and project safety;

n. Bidding Criteria: the publication of detailed project bidding criteria and requirements as early as possible in the procurement process, with a goal of publishing such criteria no later than 30 days prior to the date such bids are selected;

o. Establishment of Required Goals: the establishment of project goals for both “hard” and “soft” costs, as well as goals for each specific trade;

p. Certification Process: the acceptance of broad set of certifications for M/WBEs and BEPDs in order to streamline the process (e.g., CMBDC, WBDC, City of Chicago, Cook County, State of Illinois);

q. Solicitation of Feedback for Design of Procurement Policy: the development of a program to solicit feedback related to the design of the procurement policy from M/W/D Firm owners and leaders;

r. Unbundling of Contracts: an initiative to un-bundle contracts to open the bidding process to smaller M/WBEs and BEPDs and the establishment of target market opportunities for such firms;

s. Contract Review Committee: the establishment of an internal Chicago 2016 review committee comprised of women, minorities and persons with disabilities for the purpose of reviewing contract recommendations;

t. Publish “How-To” Guide: the publication of a “how-to” guide of step-by-step instructions on how to compete for contracts related to the 2016 Games;

u. Emergency Procurement: the development of procedures for emergency procurement that would still include M/WBE and BEPD participation;

v. Open Bidding Process: the establishment of an open and transparent bidding process for all projects that clearly defines the scope of service, the evaluation criteria and the decision making process;

w. Contractor Incentives: the development of a program to provide financial or other incentives to contractors who exceed hiring and/or subcontracting requirements;

x. On-Line Database: the creation of an on-line database to facilitate strategic partnerships and joint ventures by linking M/WBEs, BEPDs and VBEs to 2016 Games contract opportunities, majority-owned firms, and other M/WBEs, BEPDs and VBEs;

y. Strategic Use of Waivers and/or Exclusions: provision of evidence to internal procurement team certifying that no M/WBEs and BEPDs are available or obtain an affidavit that supports any exclusion;

z. Promotion of Licensing Opportunities: promotion of licensing opportunities for local M/WBEs, BEPDs and VBEs including, but not limited to, the establishment of expectations for vendor candidates regarding vendor locations and licensing plans, RFPs and franchising requirements (including financial expectations, traffic projections and supplier delivery terms), as well as assistance with strategies to become sustainable legacy businesses; and

aa. Commitment to Diversity: provide notification to all contractors doing business with Chicago 2016 that diversity is an important principle, that all contracting parties are responsible for encouraging M/WBEs and BEPDs to participate, and that all contracts will include a requirement for a participation plan.

2. Construction, Contracting and Procurement Principles: Where feasible and within the scope of Chicago 2016's mission and purpose related to the 2016 Games, Chicago 2016, subject to applicable law, will support the following construction, contracting and procurement initiatives and/or principles:

a. Capacity Building: increasing the pool of qualified M/WBEs and BEPDs able to (i) competitively bid for and be bonded on projects, and (ii) become Green/LEED-certified firms;

b. LEED/Green Business Initiatives: promoting LEED and "Green" businesses by encouraging all M/WBEs and BEPDs to meet or exceed local requirements and/or objectives;

c. Fast Pay: working with national, regional, minority-owned, women-owned and community-based (including non-traditional lending institutions such as CCLF, ACCION and credit unions) financial institutions to develop a payroll process that allows for fast payment to sub-contractors and flexible invoicing;

d. Working Capital Financing Solution: working with national, regional, minority-owned, women-owned and community-based (including non-traditional lending institutions such as CCLF, ACCION and credit unions) financial institutions to develop a working capital and/or receivable purchase order financing solution;

e. Pre-Bid Information Sessions and Ongoing Technical Assistance: hosting pre-bid information sessions and industry-specific workshops for clarification of bid process and for information sharing, as well as the development of a program to provide operational or managerial assistance to M/WBEs, BEPDs and VBEs, including bid

assistance, technical and pricing support, bonding, estimating, and change-orders and close-outs;

f. Education Efforts and Outreach Events: the development of a program to educate stakeholders throughout the Chicagoland area regarding the economic opportunities and benefits that the 2016 Games will bring to the region, and the implementation of a community outreach plan targeting M/WBEs, BEPDs and VBEs through business associations and community organizations to assist agencies in the dissemination of information about construction opportunities, and to coach businesses on bid-related processes;

g. Networking Events: the development of a program to host a series of sector-specific networking events focused on the development of joint ventures and partnerships with local businesses and key capital sources;

h. Community Employment Initiative: the development of a program to facilitate employment, recruitment and/or training programs that would focus on fostering and managing relationships with construction-related employers, residents of communities throughout the Chicagoland area, and persons seeking construction-related employment;

i. Encouragement of Direct Investment in M/WBEs and BEPDs: working with and encouraging long-term capital sources (e.g., private equity/venture capital) to make direct investments in M/WBEs and BEPDs positioned in industries to support the 2016 Games;

j. Training Programs: the development of training programs for M/WBEs and BEPDs focused on critical financial capabilities including access to capital, bonding, and working capital management;

k. Investment in Community Banks: improvement of access to capital by encouraging investment in minority and women-owned community banks and by developing program-related investments;

l. Industry-Specific Support Programs: the development of industry-specific programs to aid in the design and execution of start-up and growth plans for individual businesses;

m. Expansion of Special Service Area Finance Districts: the expansion of the number of and size of the Special Service Area Finance Districts;

n. Viability Monitoring: the creation of a tool to assess the financial viability of M/WBEs and BEPDs to insure that they meet basic requirements and performance standards to enable them to successfully bid for construction projects related to the 2016 Games;

o. Peer Support Events: the development of a program to host a series of peer support workshops/events and/or design marketing, human capital management and operations workshops targeting established business owners and large corporations;

p. Determination of Feasibility of Washington Park TIF District: the feasibility determination of a Washington Park TIF District for the purpose of redeveloping vacant land, facilitating business start-ups, and improving the capacity and competitiveness of existing small businesses in the area, as well as a TIF Advisory Council which may be created at the discretion of local elected officials; and

q. Utilization of Tax Incentive Programs: the development of a program to educate stakeholders on the availability of existing city, county, state and federal “access to capital” programs (including, but not limited to, TIF, SBIF, County Tax Incentives, Enterprise Zones (Zone #6 specifically), tax abatement programs and new markets tax credits.

3. **Affordable Housing**: Where feasible and within the scope of Chicago 2016’s mission and purpose related to the 2016 Games, Chicago 2016, subject to applicable law, supports the following affordable housing-related principles:

a. Creation of a Diverse, Mixed-Income Community from Olympic Village: following the completion of the 2016 Games, it should remain an important civic goal to protect housing affordability and accessibility in the affected and surrounding communities;

b. Median Income Targets and Housing Vouchers: establish targets for housing units within the Olympic Village (i) whereby a to-be-determined percentage of the units would be used for persons with housing vouchers, (ii) a percentage of housing units would be allocated to persons earning up to 60% of area median income, and (iii) to persons earning between 60% and 100% of area median income;

c. 30% Affordability within Olympic Village: while the City currently requires a minimum of 20% affordability for housing units within the Olympic Village site, pending pro-rata incremental subsidies from outside public and/or private funds, 30% affordability will be the objective, and Chicago 2016 will work diligently to identify and pursue such additional subsidies;

d. Tax Subsidies/Credits: encourage the use of tax subsidies/credits and seek new sources of revenue that would support affordability;

e. Profit Sharing between Developers and City: incorporate language that would allow profit sharing between developers and the City in connection with developing the Olympic Village site (profit sharing would occur if profits exceeded a predetermined acceptable profit margin for the development);

f. Retail and Mixed-Use Development: require retail and mixed use development on the portion of site not used for Olympic Village buildings;

g. Encourage Local Applicants: work with community-based organizations to encourage local applicants to apply for affordable housing in and around the Olympic Village site;

h. Commitment to Rental Housing: make rental housing a viable option for some portion of the Olympic Village site;

i. Accessible Units: acknowledging that the housing units within the Olympic Village site will meet all applicable City ordinances for accessibility, at a minimum all such units will be Type B units, with a goal of making additional units Type A based on resources available and demonstrated need;

j. Units for Persons with Disabilities and Seniors: set aside a percentage of housing units within the Olympic Village site for (i) low-income persons with disabilities and (ii) seniors;

k. Encourage Limitation on Property Tax Increases in Affected Neighborhoods: encourage local taxing authorities to create “circuit breakers” to limit the amount that property taxes could rise as they relate to the 2016 Games, and also make use of models like those used in communities around the United Center where a fund was created to offset rising property tax costs;

l. Greater Use of Chicago Community Land Trust: use the Chicago Community Land Trust to encourage the preservation of affordability and stability in newly created units both in the Olympic Village site and in the surrounding communities;

m. No Direct Displacement: the development of a principle of no direct displacement of any resident of the City as a result of the 2016 Games; and

n. Housing Assistance to Homeless Persons: the development of a strategy to assist persons affected by the 2016 Games and/or related construction.

4. Community Enhancements: Where feasible and within the scope of Chicago 2016’s mission and purpose related to the 2016 Games, Chicago 2016, subject to applicable law, supports the following community enhancement and tourism-related principles:

a. Marketing of Area-Wide Opportunity to Benefit from 2016 Games: in conjunction with existing Chicago area resources including, but not limited to, the Chicago Office of Tourism (www.wherechicago.com), champion the efforts of residents throughout the Chicagoland area to participate in and benefit from the 2016 Games and the economic, cultural and other benefits that they will experience;

b. Promotion of Neighborhoods: in conjunction with the Chicago Architectural Foundation, the Chicago Neighborhood Chambers of Commerce, the Chicago Office of Tourism and the Illinois Bureau of Tourism, work to promote the many neighborhoods and communities throughout for tourism and business opportunities prior to, during and after the 2016 Games;

c. Creation of Visitors Guide to 2016 Games: working with local communities, chambers of commerce and business organizations to create a visitors and transportation guide to the 2016 Games to promote Chicago and the Chicagoland area, which will also include references to accessibility features and will be offered in multiple formats and languages;

d. Promotion of Local and Regional Businesses: working with and assisting the City in its efforts to promote local and regional businesses;

e. Promotion of Mixed-Use and Retail Development: working with local minority and women-owned businesses, encourage mixed-use and retail development in neighborhoods adjacent to the Olympic Village and sites housing Olympic venues;

f. Promotion of Accessibility: working with City agencies and the private sector to promote and encourage accessibility, as well as educating local and small businesses about accessibility requirements and available resources to become more accessible;

g. Regulations and Access: work with the City to encourage enforceable parking regulations, temporary security barriers and limited entry/exit access points to assure continued access to affected neighborhoods by affected residents;

h. Transportation: Chicago 2016 supports any transportation infrastructure that will benefit the long-term needs of the City and its residents; and

i. Restoration of Venues: the restoration of Olympic venue sites situated in and around park and open spaces to a condition that is as good as or better and more accessible than the condition of such sites prior to the 2016 Games with the goal of leaving a lasting legacy at such sites.

5. Workforce Development and Diversity: In an effort to promote living wage and sustainable jobs before, during and after the 2016 Games, where feasible and within the scope of Chicago 2016's mission and purpose related to the 2016 Games, and in order to facilitate workforce development and diversity initiatives associated with the 2016 Games, Chicago 2016, subject to applicable law, supports the following principles:

a. Performance of Opportunity Analysis: the performance of a fact-based analysis of employment opportunities that would be projected by time segments i.e., prior to, during and after the 2016 Games (time segments are critical in order to manage the schedules for job readiness programs, training and employment);

b. Development of Opportunity Outline: the development of a comprehensive Gantt-style chart outlining job opportunities, the timing of jobs availability, training requirement timelines, and job readiness training;

c. Creation and/or Development of Employment Training Programs: the creation and/or development of private and publicly-funded workforce development and training programs, including skills assessment, the development and publication of

apprenticeship opportunities, and the provision of access to industry-specific training programs targeted toward prospective employment opportunities with the 2016 Games;

d. Development of Employment Information and Registration: the development of an advanced registration system designed to prepare residents of the impacted communities for employment and training opportunities;

e. Creation and/or Development of Financial Assistance Program: working with community-based organizations for the creation and/or development of a financial assistance program for job readiness and skills training to serve residents of communities and neighborhoods impacted by the 2016 Games;

f. Establishment of Centralized Training: working with local unions and other community-based private and public entities to establish centralized training utilizing existing or new facilities that would have any array of vocational and technical training opportunities that would lead to graduates receiving apprenticeships in the respective trade and union sectors (to be administered jointly by the Chicago Public Schools, Chicago City Colleges, and the respective trade and union organizations);

g. Compliance Monitoring: the Act is expected to include an independent compliance monitoring body with quarterly meeting requirements that will oversee indirect and direct compliance with employment and contracting objectives according to ethnicity, gender for persons with disabilities, and whether the reported outcomes comply with overall objectives and contractual obligations;

h. Implementation of Community Outreach Efforts: the implementation of a community-targeted outreach effort through community-based organizations, groups and local media outlets to publicize and market the inclusive community-oriented objectives of the 2016 Games; and

i. Inclusion of Underemployed: the ongoing effort toward workforce transformation that would be inclusive of segments of the community that have historically been under-employed or are suffering unemployment, including, but not limited to, local minorities, women, persons with disabilities, veterans, ex-offenders and at-risk youth.

6. Recommendation that the Chicago City Council Adopt Resolution in Support of this Memorandum: The parties hereto recommend that the City Council of the City adopt a resolution in support of the objectives and principles contained herein.

7. Relationship with USOC: The Council acknowledges that the United States Olympic Committee (the “USOC”) is a separate entity from Chicago 2016 and that its sole and exclusive recourse for any claims under this Memorandum shall be against Chicago 2016 and not the USOC.

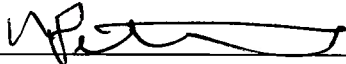
8. Approval of IOC: This Memorandum, terms hereof, and any subsequent definitive agreement between the parties hereto, shall be subject to approval by the IOC

including any changes required by the IOC. Chicago 2016 agrees to seek such approvals if the City is awarded the right to host the 2016 Games. In the event this Memorandum or any subsequent definitive agreement is not approved by the IOC, such Memorandum and/or agreement, as the case may be, shall be deemed null and void *ab initio* and of no force or effect, and neither party hereto shall have any liability to the other of any kind.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Understanding as of the date first written above.

CHICAGO 2016 OUTREACH ADVISORY COUNCIL CO-CHAIR

By: 

Name: Terry Peterson

CHICAGO 2016 OUTREACH ADVISORY COUNCIL CO-CHAIR

By: 

Name: Michael Scott

CHICAGO 2016

By: 

Name: LORI T. HEALEY

Its: PRESIDENT

Exhibit A

Chicago 2016 Outreach Advisory Council Members

3rd Ward Olympic Committee	Chicago Metropolitan Housing Development Corporation
Access Living	
Advisory Council on African Affairs	Chicago Minority Business Development Council
Advisory Council on Asian Affairs	Chicago Rehab Network
Advisory Council on Immigrant and Refugee Affairs	Chicago United
Advisory Council on Latino Affairs	Chicago Urban League
Advisory Council on Lesbian, Gay, Bisexual and Transgender Affairs	Chicagoland Entrepreneurial Center
Advisory Council on Veterans Affairs	Chinese American Service League
Advisory Council on Women's Affairs	City of Chicago
Alliance of Business Leaders and Entrepreneurs (ABLE)	City of Chicago – Department of Procurement Services
Azteca Foods, Inc.	City of Chicago – International Relations
Black Contractors United	Community Investment Corporation
Boston Consulting Group	Cosmopolitan Chamber of Commerce
Chicago Business Minority Opportunity Center	Council of Religious Leaders of Metropolitan Chicago
Chicago Commission on Human Relations	disabilityworks
Chicago Community Land Trust	Dr. Tariq Butt, Physician
Chicago Community Loan Fund	Electronic Knowledge Interchange, Inc
Chicago Federation of Labor	Federation of Women Contractors
Chicago Jobs Council	HACIA
	Harris Bankcorp, Inc.
	Heirs of the Promise Church

Hispanic Housing Development Corporation

Women's Business Development Center

Illinois Hispanic Chamber of Commerce

Illinois State Medical Society

Joanna Borowiec

Kenwood Oakland Community
Organization

Little Village Community Council

Michael Scott and Associates, LLC

North Kenwood-Oakland Community
Conservation Council

Rehabilitation Institute of Chicago

Riteway Construction

RUSH University Medical Center

Russian Pointe Foundation

Sanchez, Daniels, & Hoffman, L.L.P

SEIU

Seyfarth Shaw LLP

Site Design Group, Ltd.

Spaan Technologies

The 2016 Fund for Chicago Neighborhoods

The Target Group, Inc.

The Taylor Group, LLC

United Neighborhood Organization

Washington Park Advisory Council