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REDEVELOPMENT AGREEMENT

BY AND BETWEEN

THE CITY OF CHICAGO

AND

STATE CITE, L.L.C.

This agreement was prepared by
and after recording return to:
Jeffrey E. Leslie, Esq.
City of Chicago Law Department
121 North LaSalle Street, Room 600
Chicago, IL 60602

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Exhibit C	*TIF-Funded Improvements
Exhibit D	Redevelopment Plan
Exhibit E	Construction Contract
Exhibit F	Escrow Agreement
Exhibit G	*Permitted Liens
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Exhibit I	Approved Prior Expenditures
Exhibit J	Opinion of Developer's Counsel
Exhibit K	Restoration Work
Exhibit L	Compliance Items

(An asterisk(*) indicates which exhibits are to be recorded.)

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This agreement was prepared by and
after recording return to:
Jeffrey E. Leslie, Esq.
City of Chicago Law Department
121 North LaSalle Street, Room 600
Chicago, IL 60602

STATE CITE, L.L.C. REDEVELOPMENT AGREEMENT

This State Cite, L.L.C. Redevelopment Agreement (this "Agreement") is made as of this 12 day of August, 1999, by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Planning and Development ("DPD"), State Cite, L.L.C., a Delaware limited liability company, and Hub Building Limited Partnership, an Illinois limited partnership with State Cite, L.L.C. as its sole general partner (jointly and severally, the "Developer").

RECITALS

A. Constitutional Authority: As a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois (the "State"), the City has the power to regulate for the protection of the public health, safety, morals and welfare of its inhabitants, and pursuant thereto, has the power to encourage private development in order to enhance the local tax base, create employment opportunities and to enter into contractual agreements with private parties in order to achieve these goals.

B. Statutory Authority: The City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended from time to time (the "Act"), to finance projects that eradicate blighted conditions and conservation area factors through the use of tax increment allocation financing for redevelopment projects.

C. City Council Authority: To induce redevelopment pursuant to the Act, the City Council of the City (the "the City Council") adopted the following ordinances on February 7, 1997: (1) "An Ordinance of the City of Chicago, Illinois Approving a Tax Increment Redevelopment Plan for the Expanded North Loop Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the Expanded North Loop Redevelopment Project Area as a Tax Increment Financing District"; and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the Expanded North Loop Redevelopment Project Area" (the "TIF Adoption Ordinance"), (collectively referred to herein as the "TIF Ordinances"). The redevelopment project area referred to above (the "Redevelopment Area") is legally described in Exhibit A hereto.

D. The Project: State Cite, L.L.C. will apply the City Funds (as hereinafter defined) in the amount of \$8,000,000 towards the purchase (the "Acquisition") of certain property located within the Redevelopment Area at 14 East Jackson Boulevard, Chicago, Illinois 60604 and legally described on Exhibit B hereto (the "Property"), at which time State Cite, L.L.C. will be treated under the Agreement of Limited Partnership for Hub Building Limited Partnership as making a capital contribution in the amount of \$8,000,000 to said partnership. Jack State, L.L.C., an Illinois limited liability company and the Class B Limited Partner of Hub Building Limited Partnership, will contribute certain funds (consisting of its capital contribution) to Hub Building Limited Partnership, which funds will also be applied towards the Acquisition. In return for the payment of the purchase price by State Cite, L.L.C. and Hub Building Limited Partnership, the seller of the Property shall deliver a deed conveying the Property to Hub Building Limited Partnership. The Developer, within the time frames set forth in Section 3.01 hereof, shall commence and complete rehabilitation and renovation of the existing 18-story office building (the "Building") located on the Property. The Building after renovation shall contain high-technology infrastructure and amenities to serve new and established generally small information-technology companies and shall be named the Chicago Information Technology Exchange (CITE), or such other name as the Developer and DPD shall agree. The Building is listed on the National Register of Historic Places as part of the Loop Retail Historic District. Rehabilitation of the Building shall include (a) renovation of the Project Floors (as hereinafter defined) and approximately 121,000 square feet of office space therein, including (i) prior to or simultaneously with initial occupancy of any space on the Project Floors, approximately 15,000 square feet (on floors 2-7) of built-out space with no furniture, divided into sections of up to 3,000 square feet, to be leased to IT Tenants (as hereinafter defined) to enable them to set up operations within 48 hours, (ii) prior to or simultaneously with initial occupancy of any space on the Project Floors, training/conference/office/data center/recreational space on the basement level totaling up to 15,000 square feet, (iii) prior to or simultaneously with initial occupancy of any space on the Project Floors, at least one shared conference room with video-

conferencing ability anywhere on the Project Floors, and (iv) after initial occupancy of the Project Floors, the renovation of all the office space (which shall not include any shared or common space for tenants) on the remaining Project Floors, in accordance with tenants' specifications, as existing leases terminate and new leases are executed (the "Build-to-Suit Space"); (b) renovation of retail space totaling up to 25,000 square feet on the basement level and first and second floors (but not to exceed 10,000 square feet on the second floor as described in Section 8.20(a)) (the "Retail Space"); (c) renovation of the exterior facades of the Building, as described on Exhibit K (the "Facade Renovation"); (d) installation of the IT Facilities (as defined herein); (e) installation of new electrical and mechanical systems for the Project Floors and the first floor; and (f) installation of new elevators to service floors B-8. The rehabilitation and renovation of the Building and related improvements described above (including but not limited to those TIF-Funded Improvements as defined below and set forth on Exhibit C) are collectively referred to herein as the "Project." The completion of the Project would not reasonably be anticipated without the financing contemplated in this Agreement.

E. Redevelopment Plan: The Project will be carried out in accordance with this Agreement and the City of Chicago Central Loop Tax Increment Financing Redevelopment Project and Plan (the "Redevelopment Plan") attached hereto as Exhibit D, as amended from time to time.

F. City Financing: The City agrees to use, in the amounts set forth in Section 4.03 hereof, (i) a portion of the proceeds ("Bond Proceeds") of its Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 1997 (specifically the taxable series thereof) (the "Bonds") issued pursuant to an ordinance adopted by the City Council on July 30, 1997 (the "Bond Ordinance"), and/or (ii) Incremental Taxes (as defined below), to pay for or reimburse the Developer for the costs of TIF-Funded Improvements pursuant to the terms and conditions of this Agreement.

Now, therefore, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. RECITALS

The foregoing recitals are hereby incorporated into this agreement by reference.

SECTION 2. DEFINITIONS

For purposes of this Agreement, in addition to the terms defined in the foregoing recitals, the following terms shall have the meanings set forth below:

"1997 Central Loop Project Redevelopment Project Area Special Tax Allocation Fund" shall mean the special tax allocation fund created by the City in connection with the Redevelopment Area into which the Incremental Taxes will be deposited.

"Affiliate" shall mean any person or entity directly or indirectly controlling, controlled by or under common control with the Developer.

"Architect" shall mean the McClier Corporation, a Delaware corporation, or such other architect chosen by the Developer, subject to DPD's approval.

"Certificate" shall mean the Certificate of Completion of Construction described in Section 7.01 hereof.

"Change Order" shall mean any amendment or modification to the Scope Drawings, Plans and Specifications or the Project Budget as described in Section 3.03, Section 3.04 and Section 3.05, respectively.

"City Fee" shall mean the fee described in Section 4.05(c) hereof.

"City Funds" shall mean the funds described in Section 4.03(b) hereof.

"Closing Date" shall mean the date of execution and delivery of this Agreement by all parties hereto, as evidenced by the date hereof.

"Compliance L/C" shall mean an irrevocable, standby letter of credit issued by a financial institution and in a form acceptable to DPD, in its sole discretion, naming the City as the sole beneficiary, providing by its terms for payment to the City upon the City's submission of a sight draft accompanied by a certificate stating that the City is entitled to draw upon such Compliance L/C under the terms of this Agreement. The Compliance L/C shall allow for full and partial draws and shall be in the initial principal amount equal to the Developer's fee as set forth in the appropriate line item of the Project Budget. The principal amount of the Compliance L/C shall decrease according to the following schedule: (a) two years after the effective date of the Compliance L/C, the principal amount shall decrease to 80% of the initial principal amount; (b) three years after the effective date of the Compliance L/C, the principal amount of the Compliance L/C shall decrease to 60% of the initial principal amount; (c) four years after the effective date of the Compliance L/C, the principal amount shall decrease to 40% of the initial principal amount; (d) five years after the effective date of the Compliance L/C, the principal amount shall decrease to 20% of the initial principal amount; and (e) on the earlier of (i) six years from the effective date of the Compliance L/C, or (ii) December 31, 2007, the principal amount shall decrease to zero.

\$500,000

*\$500,000
effective date*

what is effect date?

"Construction Contract" shall mean that certain contract, substantially in the form attached hereto as Exhibit E, to be entered into between the Developer and the General Contractor providing for construction of the Project.

"Construction L/C" shall mean an irrevocable, standby letter of credit with a declining principal balance as described in this Agreement issued by a financial institution and in a form acceptable to the City naming the City as the sole beneficiary, providing by its terms for payment to the City upon the submission of a sight draft accompanied by a certificate issued by the City stating that the City is entitled to draw upon such Construction L/C under the terms of this Agreement. The Construction L/C shall allow for full and partial draws and shall be in the initial principal amount equal to the difference between (i) \$8,000,000 and (ii) 23% of the acquisition costs as shown in the appropriate line item of the Project Budget. The principal amount of the Construction L/C shall decline after the payment of each subsequent approved draw request by an amount equal to the City's Deemed Pro Rata Share of each such approved draw request (which approvals shall require, among other things, evidence acceptable to DPD of the Developer's compliance with its prevailing wage obligations under Section 8.09 of this Agreement, its City residency obligations under Section 10.02 of this Agreement, and its MBE/WBE commitment under Section 10.03 of this Agreement). Any such reduction in principal amount shall take effect upon the submission of a joint letter of direction by the City and the Developer to the issuer of the Construction L/C. Prior to issuance of the Partial Completion Certificate, the principal amount of the Construction L/C shall not fall below 5% of ^{T.M} the City Funds disbursed at Closing. Upon issuance of the Partial Completion Certificate, the principal amount of the Construction L/C shall be decreased by a fraction, the numerator of which is the dollar amount actually expended for contract participation by MBEs or WBEs in satisfaction of the Developer's MBE/WBE commitment, and the denominator of which is the dollar amount specified pursuant to Section 10.03 to be expended by the Developer for contract participation by MBEs or WBEs. Upon issuance of the Certificate, the Construction L/C shall expire. _{check CM W}

"Corporation Counsel" shall mean the City's Office of Corporation Counsel.

"Deemed Pro Rata Share" shall mean (a) twenty-three percent (23%) of the amount of any given draw request under the Escrow, less (b) fifteen percent (15%) of the amount in clause (a).

"Employer(s)" shall have the meaning set forth in Section 10 hereof.

"Environmental Laws" shall mean any and all federal, state or local statutes, laws, regulations, ordinances, codes, rules, orders, licenses, judgments, decrees or requirements relating to public health and safety and the environment now or hereafter in force, as amended and hereafter amended, including but not limited to (i) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.); (ii) any so-called "Superfund" or "Superlien" law; (iii) the Hazardous Materials Transportation Act (49 U.S.C.

Section 1802 et seq.); (iv) the Resource Conservation and Recovery Act (42 U.S.C. Section 6902 et seq.); (v) the Clean Air Act (42 U.S.C. Section 7401 et seq.); (vi) the Clean Water Act (33 U.S.C. Section 1251 et seq.); (vii) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.); (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (ix) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq.); and (x) the Municipal Code of Chicago.

"Equity" shall mean funds of the Developer (other than funds derived from Lender Financing) irrevocably available for the Project, in the amount set forth in Section 4.01 hereof, which amount may be increased pursuant to Section 4.06 (Cost Overruns). Equity may include Historic Tax Credit proceeds provided by the Developer.

"Escrow" shall mean the construction escrow established pursuant to the Escrow Agreement.

"Escrow Agreement" shall mean the Escrow Agreement establishing a construction escrow, to be entered into as of the date hereof by the City, the Inspecting Architect, the inspecting architect (if any) designated by the Developer's lender(s), the Title Company (or an affiliate of the Title Company), the Developer and the Developer's lender(s), substantially in the form of Exhibit F attached hereto.

"Event of Default" shall have the meaning set forth in Section 15 hereof.

"Financial Statements" shall mean complete audited financial statements of the Developer prepared by a certified public accountant in accordance with generally accepted accounting principles and practices consistently applied throughout the appropriate periods.

"General Contractor" shall mean the general contractor(s) hired by the Developer pursuant to Section 6.01.

"Hazardous Materials" shall mean any toxic substance, hazardous substance, hazardous material, hazardous chemical or hazardous, toxic or dangerous waste defined or qualifying as such in (or for the purposes of) any Environmental Law, or any pollutant or contaminant, and shall include, but not be limited to, petroleum (including crude oil), any radioactive material or by-product material, polychlorinated biphenyls and asbestos in any form or condition.

"Incremental Taxes" shall mean such ad valorem taxes which, pursuant to the TIF Adoption Ordinance and Section 5/11-74.4-8(b) of the Act, are allocated to and when collected are paid to the Treasurer of the City of Chicago for deposit by the Treasurer into the 1997 Central Loop Project Redevelopment Project Area Special Tax Allocation Fund established to pay Redevelopment Project Costs and obligations incurred in the payment thereof.

"Inspecting Architect" shall have the meaning set forth in Section 3.08 hereof.

"IT Facilities" shall have the meaning set forth in Section 8.21 hereof.

"IT Facilities Contract" shall have the meaning set forth in Section 8.21 hereof.

"IT Facilities Provider" shall have the meaning set forth in Section 8.21 hereof.

"IT Tenants" shall have the meaning set forth in Section 8.20 hereof.

"Lender Financing" shall mean funds borrowed by the Developer from lenders and irrevocably available to pay for Costs of the Project, in the amount set forth in Section 4.01 hereof.

"Masonry Contractor" shall mean a masonry contractor approved by DPD, with experience in the renovation of historic buildings, who is retained by the Developer or the General Contractor to work on the Project.

"MBE(s)" shall mean a business identified in the Directory of Certified Minority Business Enterprises published by the City's Purchasing Department, or otherwise certified by the City's Purchasing Department as a minority-owned business enterprise.

"MBE/WBE Budget" shall mean the budget attached hereto as Exhibit H-2, as described in Section 10.03.

"Municipal Code" shall mean the Municipal Code of the City of Chicago.

"Non-Governmental Charges" shall mean all non-governmental charges, liens, claims, or encumbrances relating to the Developer, the Property or the Project.

"Non-Project Floors" shall mean floors 8-16 of the Building except for the one floor within floors 8-16 designated by the Developer as part of the Project Floors.

"Other Bond(s)" shall have the meaning set forth for such term in Section 8.05 hereof.

"Other Tenants" shall have the meaning set forth in Section 8.20 hereof.

"Partial Completion Certificate" shall mean the Partial Completion Certificate described in Section 7.01 hereof.

"Permitted Liens" shall mean those liens and encumbrances against the Property and/or the Project set forth on Exhibit G hereto.

"Permitted Non-IT Tenants" shall have the meaning set forth in Section 8.30 hereof.

"Plans and Specifications" shall mean final construction drawings, plans and specifications, and/or permit drawings for the Project, including but not limited to plans for signage as further described in Exhibit K and plans showing the wiring and wiring connections and the location of equipment in the Building.

"Prior Expenditure(s)" shall have the meaning set forth in Section 4.05(a) hereof.

"Project Budget" shall mean the budget attached hereto as Exhibit H-1, showing the total cost of the Project by line item, furnished by the Developer to DPD, in accordance with Section 3.03 hereof.

"Project Floors" shall mean the basement ("B") and floors 2-7, 17-18, and one floor of the Developer's choosing within floors 8-16 of the Building. The Project Floor of the Developer's choosing within floors 8-16 shall not be smaller than floor 8 (by square footage), unless the Developer chooses floor 14, 15 or 16, in which case the Developer shall add at least 1,500 square feet of additional space on another floor within floors 8-16.

"Redevelopment Project Costs" shall mean redevelopment project costs as defined in Section 5/11-74.4-3(q) of the Act that are included in the budget set forth in the Redevelopment Plan or otherwise referenced in the Redevelopment Plan.

"Retail Tenants" shall have the meaning set forth in Section 8.20 hereof.

"Scope Drawings" shall mean concept drawings, scope plans and drawings, and/or schematics for the Project utilized to obtain building and other necessary permits for the construction of the Project.

"Survey" shall mean, collectively, (a) a Class A plat of survey in the most recently revised form of ALTA/ACSM land title survey of the Property dated within 90 days prior to the Closing Date, acceptable in form and content to the City and the Title Company, prepared by a surveyor registered in the State of Illinois, certified to the City and the Title Company, and indicating whether the Property is in a flood hazard area as identified by the United States Federal Emergency Management Agency (and updates thereof to reflect improvements to the Property in connection with the Project as required by the City or lender(s) providing Lender Financing); and (b) a survey of the condition of the exterior facade of the Building, in a form acceptable to DPD.

"Term of the Agreement" shall mean the period of time commencing on the Closing Date and ending on December 31, 2007.

"TIF-Funded Improvements" shall mean those improvements of the Project which (i) qualify as Redevelopment Project Costs, (ii) are eligible costs under the Redevelopment Plan and (iii) the City has agreed to pay for out of the City Funds, subject to the terms of this Agreement.

"Title Company" shall mean Stewart Title Guaranty Company.

"Title Policy" shall mean a title insurance policy in the most recently revised ALTA or equivalent form, showing the Developer as the insured, noting the recording of this Agreement as an encumbrance against the Property, and a subordination agreement in favor of the City with respect to previously recorded liens against the Property related to Lender Financing, if any, issued by the Title Company.

"WARN Act" shall mean the Worker Adjustment and Retraining Notification Act (29 U.S.C. Section 2101 et seq.).

"WBE(s)" shall mean a business identified in the Directory of Certified Women Business Enterprises published by the City's Purchasing Department, or otherwise certified by the City's Purchasing Department as a women-owned business enterprise.

SECTION 3. THE PROJECT

3.01 The Project. With respect to the Building, the Developer shall, pursuant to the Scope Drawings and subject to the provisions of Section 18.17 hereof: (i) file for building permits no later than fifteen days following the Closing Date and commence rehabilitation expeditiously upon receipt of such permits; (ii) complete all portions of the Project except the renovation and rehabilitation of the Build-to-Suit Space no later than June 30, 2000; (iii) complete the Project no later than December 31, 2001; and (iv) receive approval from the National Park Service of Part III of the Developer's Historic Preservation Certification Application--Request for Certificate of Completed Work no later than September 30, 2000.

3.02 Scope Drawings and Plans and Specifications. The Developer has delivered the Scope Drawings to DPD, and DPD has approved same. After such initial approval, subsequent proposed changes to the Scope Drawings shall be submitted to DPD as a Change Order pursuant to Section 3.04 hereof. The Developer shall deliver the Plans and Specifications to DPD for its approval no later than ten business days prior to the start of construction. The Scope Drawings and Plans and Specifications shall at all times conform to the Redevelopment Plan as amended from time to time and all applicable federal, state and local laws, ordinances and regulations. The Developer shall submit all necessary documents to DPD and the City's Building Department, Department of Transportation and such other City departments or governmental authorities as may be necessary to acquire building permits and other required approvals for the Project.

3.03 Project Budget. The Developer has furnished to DPD, and DPD has approved, a Project Budget showing total costs for the Project in an amount not less than \$35,494,000. The Developer hereby certifies to the City that (a) the City Funds, together with Lender Financing and Equity described in Section 4.02 hereof, shall be sufficient to complete the Project; and (b) the Project Budget is true, correct and complete in all material respects. The Developer shall

promptly deliver to DPD certified copies of any Change Orders with respect to the Project Budget for approval pursuant to Section 3.04 hereof.

3.04 Change Orders. Except as provided below, all Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project must be submitted by the Developer to DPD concurrently with the progress reports described in Section 3.07 hereof; provided, that any Change Order relating to any of the following must be submitted by the Developer to DPD for DPD's prior written approval: (a) a reduction in the square footage of renovated and rehabilitated space within the Building as part of the Project; (b) a change in the use of the Property to a use other than as contemplated under this Agreement; or (c) a delay in the completion of the Project. The Developer shall not authorize or permit the performance of any work relating to any Change Order or the furnishing of materials in connection therewith prior to the receipt by the Developer of DPD's written approval (to the extent required in this section). The Construction Contract, and each contract between the General Contractor and any subcontractor, shall contain a provision to this effect. An approved Change Order shall not be deemed to imply any obligation on the part of the City to increase the amount of City Funds which the City has pledged pursuant to this Agreement or provide any other additional assistance to the Developer. Notwithstanding anything to the contrary in this Section 3.04, Change Orders costing less than Twenty-Five Thousand Dollars (\$25,000) each, to an aggregate amount of One Hundred Thousand Dollars (\$100,000), do not require DPD's prior written approval as set forth in this Section 3.04, but DPD shall be notified in writing of all such Change Orders prior to the implementation thereof and the Developer, in connection with such notice, shall identify to DPD the source of funding therefor.

3.05 DPD Approval. Any approval granted by DPD of the Scope Drawings, Plans and Specifications and the Change Orders is for the purposes of this Agreement only and does not affect or constitute any approval required by any other City department or pursuant to any City ordinance, code, regulation or any other governmental approval, nor does any approval by DPD pursuant to this Agreement constitute approval of the quality, structural soundness or safety of the Property or the Project. Upon receipt of proposed Plans and Specifications from the Developer for approval by DPD, DPD shall respond within twenty business days. The approval of DPD shall not be required for the Plans and Specifications relating to the Build-to-Suit Space.

3.06 Other Approvals. Any DPD approval under this Agreement shall have no effect upon, nor shall it operate as a waiver of, the Developer's obligations to comply with the provisions of Section 5.03 (Other Governmental Approvals) hereof. The Developer shall not commence construction of the Project until the Developer has obtained all necessary permits and approvals (including but not limited to the approval of the Scope Drawings by DPD) and proof of the General Contractor's and each subcontractor's bonding as required hereunder. DPD agrees to allow the Developer to self-certify permits, where applicable, in accordance with the procedures established by the City's Department of Buildings.

3.07 Progress Reports and Survey Updates. The Developer shall provide DPD with written monthly progress reports detailing the status of the Project, including a revised completion date, if necessary (with any change in completion date being considered a Change Order requiring DPD's written approval pursuant to Section 3.04). The Developer shall submit to the City written, biannual progress reports documenting the leasing of space in the Building to tenants and the ongoing marketing efforts to attract tenants. The leasing information in such reports shall include, at a minimum, the amount of space (by square footage) in the Building (including the Non-Project Floors) that is leased and the material terms (including but not limited to the parties, duration, rent, and expenses borne by the tenant) of each lease. The marketing information contained in such reports shall include, at a minimum, information on the total number and names of potential tenants referred to the Developer or who directly contacted the Developer; the names of any referring parties; the method used by the referring party or potential tenant in contacting the Developer; a description of the Developer's method of contact and follow-up with referring parties and/or potential tenants; and the total number of hits on websites maintained by the Developer for the purpose of marketing the Building to tenants. The Developer shall provide three (3) copies of an updated Survey to DPD upon the request of DPD or any lender providing Lender Financing, reflecting improvements made to the Property.

3.08 Inspecting Agent or Architect. An independent agent or architect approved by DPD (the "Inspecting Architect"), who shall be highly qualified in the types of information-technology infrastructure to be installed in the Project, shall be selected to act as the inspecting agent or architect, at the Developer's expense, for the Project. DPD will consider selecting the lender's architect as the Inspecting Architect. The Inspecting Architect shall perform periodic inspections with respect to the Project, providing certifications with respect thereto to DPD, prior to requests for disbursement for costs related to the Project pursuant to the Escrow Agreement.

3.09 Barricades. Prior to commencing any construction requiring barricades, the Developer shall install a construction barricade of a type and appearance satisfactory to the City and constructed in compliance with all applicable federal, state or City laws, ordinances and regulations. DPD retains the right to approve the maintenance, appearance, color scheme, painting, nature, type, content and design of all barricades.

3.10 Signs and Public Relations. The Developer shall erect a sign of size and style approved by the City in a conspicuous location on the Property during the Project, indicating that financing has been provided by the City. The City reserves the right to include the name, photograph, artistic rendering of the Project and other pertinent information regarding the Developer, the Property and the Project in the City's promotional literature and communications. During the Term of the Agreement, the City shall endeavor to include the Developer's name in the City's promotional literature and communications regarding the Project.

3.11 Utility Connections. The Developer may connect all on-site water, sanitary, storm and sewer lines constructed on the Property to City utility lines existing on or near the perimeter

of the Property, provided the Developer first complies with all City requirements governing such connections, including the payment of customary fees and costs related thereto.

3.12 Permit Fees. In connection with the Project, the Developer shall be obligated to pay only those building, permit, engineering, tap on and inspection fees that are assessed on a uniform basis throughout the City of Chicago and are of general applicability to other property within the City of Chicago.

SECTION 4. FINANCING

4.01 Total Project Cost and Sources of Funds. The cost of the Project is estimated to be \$35,494,000, to be applied in the manner set forth in the Project Budget. Such costs shall be funded from the following sources:

Equity (subject to <u>Sections 4.03(b) and 4.06</u>)	\$ 5,554,000
Lender Financing	21,940,000
Estimated City Funds (subject to <u>Section 4.03</u>)	<u>8,000,000</u>
ESTIMATED TOTAL	\$35,494,000

4.02 Developer Funds. Equity and/or Lender Financing may be used to pay any Project cost, including but not limited to Redevelopment Project Costs. On or prior to the Closing Date, the Developer shall deposit into the Escrow, spend for Project costs, or hold in the manner referred to in Section 5.04 not less than the amount of Equity set forth in Section 4.01. If the amount of Lender Financing for the Project increases to an amount greater than that shown in Section 4.01, the Developer may decrease the Equity for the Project by a corresponding amount, provided that in no event shall the Developer decrease the amount of Equity shown in Section 4.01 by more than \$2,000,000.

4.03 City Funds.

(a) Uses of City Funds. City Funds may be used to pay directly or reimburse the Developer only for costs of TIF-Funded Improvements that constitute Redevelopment Project Costs. Exhibit C sets forth, by line item, the TIF-Funded Improvements for the Project, and the maximum amount of costs that may be paid by or reimbursed from City Funds for each line item therein (subject to Section 4.05(d)), contingent upon receipt by the City of documentation satisfactory in form and substance to DPD evidencing such cost and its eligibility as a Redevelopment Project Cost.

(b) Sources of City Funds. Subject to the terms and conditions of this Agreement, including but not limited to this Section 4.03 and Section 5 hereof, the City hereby agrees to pay

State Cite, L.L.C. the sum of \$8,000,000 on the Closing Date (the "City Funds"), from the sources shown below, for the Developer's incurred cost of the TIF-Funded Improvements:

<u>Source of City Funds</u>	<u>Maximum Amount</u>
Bond Proceeds and/or Incremental Taxes	\$8,000,000

State Cite, L.L.C. hereby agrees to use all City Funds received to pay for a portion of the Acquisition. Notwithstanding such payment, the total amount of City Funds expended for TIF-Funded Improvements shall be (i) \$8,000,000, if the actual total Project costs are equal to or greater than \$34,752,000, or (ii) 23% of actual total Project costs, if the actual total Project costs are less than \$34,752,000. In the event that clause (ii) of this subparagraph applies, then, as a condition precedent to the issuance by the City of the Certificate, the Developer shall pay the City the difference between (i) the City Funds paid on the Closing Date and (ii) 23% of the actual total Project costs.

(c) Conditional Grant of City Funds. The City Funds provided hereunder are being provided to State Cite, L.L.C. on the Closing Date on a conditional basis subject to the Developer's compliance with the requirements of this Agreement. The City is providing City Funds in the amount of \$8,000,000 on the Closing Date to fund a portion of the acquisition costs of the Project, and the Construction L/C is being provided by the Developer, in part, for the City to draw on in the event that the \$8,000,000 in City Funds is more than 23% of the actual total Project costs.

4.04 Construction Escrow. The City and the Developer hereby agree to enter into the Escrow Agreement. Except for the City Funds paid on the Closing Date for Acquisition, the proceeds of Lender Financing paid to the Developer on or before the Closing Date, and the Equity used on or before the Closing Date (or held as described in Section 5.04), all disbursements of Project funds shall be made through the funding of draw requests with respect thereto pursuant to the Escrow Agreement and this Agreement. Prior to each such draw request, the Developer shall submit documentation (e.g., invoices, receipts, cancelled checks, etc.) in a form satisfactory to DPD in its sole discretion, of the expenditures to be funded or reimbursed from funds disbursed pursuant to the draw request. In case of any conflict between the terms of this Agreement and the Escrow Agreement, the terms of this Agreement shall control.

4.05 Treatment of Prior Expenditures and Subsequent Disbursements.

(a) Prior Expenditures. Only those expenditures made by the Developer with respect to the Project prior to the Closing Date, evidenced by documentation satisfactory to DPD and approved by DPD as satisfying costs covered in the Project Budget, shall be considered previously contributed Equity or Lender Financing hereunder (the "Prior Expenditures"). DPD shall have the right, in its sole discretion, to disallow any such expenditure as a Prior Expenditure. Exhibit I hereto sets forth the prior expenditures approved by DPD as of the date

hereof as Prior Expenditures. Prior Expenditures made for items other than TIF-Funded Improvements shall not be reimbursed to the Developer, but shall reduce the amount of Equity and/or Lender Financing required to be contributed by the Developer pursuant to Section 4.01 hereof.

(b) Purchase of Property. A portion of the purchase price of the Property, exclusive of transaction costs, in an amount not to exceed \$8,000,000 shall be reimbursed to the Developer (through the payment to State Cite, L.L.C.) or paid from City Funds on the Closing Date as a TIF-Funded Improvement.

(c) City Fee. Annually, the City may allocate an amount not to exceed twenty percent (20%) of the Incremental Taxes for payment of costs incurred by the City for the administration and monitoring of the Redevelopment Project Area, including the Project. Such fee shall be in addition to and shall not be deducted from or considered a part of the City Funds.

(d) Allocation Among Line Items. Disbursements for expenditures related to TIF-Funded Improvements may be allocated to and charged against the appropriate line only, with transfers of costs and expenses from one line item to another, without the prior written consent of DPD, being prohibited.

4.06 Cost Overruns. If the aggregate cost of the TIF-Funded Improvements exceeds City Funds available pursuant to Section 4.03 hereof or the Project Budget increases, the Developer shall be solely responsible for such excess costs, and shall hold the City harmless from any and all costs and expenses of completing the TIF-Funded Improvements and the Project in excess of City Funds.

SECTION 5. CONDITIONS PRECEDENT

The following conditions shall be complied with to the City's satisfaction within the time periods set forth below or, if no time period is specified, prior to the Closing Date:

5.01 Project Budget. The Developer shall have submitted to DPD, and DPD shall have approved, a Project Budget in accordance with the provisions of Section 3.03 hereof.

5.02 Scope Drawings. The Developer shall have submitted to DPD, and DPD shall have approved, the Scope Drawings in accordance with the provisions of Section 3.02 hereof.

5.03 [Omitted]

5.04 Financing. The Developer shall have furnished proof reasonably acceptable to the City that the Developer has Equity and Lender Financing in the amounts set forth in Section 4.01 hereof to complete the Project and satisfy its obligations under this Agreement. Equity may be in

a form required by the Developer's lender(s) and may be held by the Developer. If a portion of such funds consists of Lender Financing, the Developer shall have furnished proof as of the Closing Date that the proceeds thereof are available to be drawn upon by the Developer as needed and are sufficient (along with other sources set forth in Section 4.01) to complete the Project. Any liens against the Property in existence at the Closing Date shall be subordinated to certain encumbrances of the City set forth herein pursuant to a Subordination Agreement, in a form acceptable to the City, executed on or prior to the Closing Date, which is to be recorded, at the expense of the Developer, with the Office of the Recorder of Deeds of Cook County.

5.05 Acquisition and Title. The City shall disburse an amount not to exceed \$8,000,000 to reimburse or pay, in whole or in part, the cost to the Developer of the purchase price of the Property. On the Closing Date, the Developer shall furnish the City with a copy of the Title Policy for the Property, certified by the Title Company, showing the Developer as the named insured. The Title Policy shall be dated as of or prior to the Closing Date and shall contain only those title exceptions listed as Permitted Liens on Exhibit G hereto and shall evidence the recording of this Agreement pursuant to the provisions of Section 8.18 hereof. The Title Policy shall also contain such endorsements as shall be required by Corporation Counsel, including but not limited to an owner's comprehensive endorsement and satisfactory endorsements regarding zoning (3.1 with parking), contiguity, location, access and survey. The Developer shall provide to DPD, prior to the Closing Date, documentation related to the purchase of the Property and certified copies of all easements and encumbrances of record with respect to the Property not addressed, to DPD's satisfaction, by the Title Policy and any endorsements thereto.

5.06 Evidence of Clean Title. Not less than five (5) business days prior to the Closing Date, the Developer, at its own expense, shall have provided the City with current searches under the Developer's name (and the following trade names of the Developer: Brijus Properties) as follows:

Secretary of State	UCC search
Secretary of State	Federal tax search
Cook County Recorder	UCC search
Cook County Recorder	Fixtures search
Cook County Recorder	Federal tax search
Cook County Recorder	State tax search
Cook County Recorder	Memoranda of judgments search
U.S. District Court	Pending suits and judgments
Clerk of Circuit Court, Cook County	Pending suits and judgments

showing no liens against the Developer, the Property or any fixtures now or hereafter affixed thereto, except for the Permitted Liens.

5.07 Surveys. Not less than five (5) business days prior to the Closing Date, the Developer shall have furnished the City with three (3) copies of the Survey.

5.08 Insurance. The Developer, at its own expense, shall have insured the Property in accordance with Section 12 hereof. At least five (5) business days prior to the Closing Date, certificates required pursuant to Section 12 hereof evidencing the required coverages shall have been delivered to DPD.

5.09 Opinion of the Developer's Counsel. On the Closing Date, the Developer shall furnish the City with an opinion of counsel, substantially in the form attached hereto as Exhibit J, with such changes as may be required by or acceptable to Corporation Counsel. If the Developer has engaged special counsel in connection with the Project, and such special counsel is unwilling or unable to give some of the opinions set forth in Exhibit J hereto, such opinions shall be obtained by the Developer from its general corporate counsel.

5.10 Evidence of Prior Expenditures. Not less than twenty (20) business days prior to the Closing Date, the Developer shall have provided evidence satisfactory to DPD in its sole discretion of the Prior Expenditures in accordance with the provisions of Section 4.05(a) hereof.

5.11 Financial Statements. Not less than thirty (30) days prior to the Closing Date, the Developer shall have provided DPD with (a) unaudited financial statements and personal financial statements from the managing member of State Cite, L.L.C., and (b) audited or unaudited financial statements of Hub Building Limited Partnership, if any.

5.12 Documentation; Escrow Agreement. The Developer shall have provided documentation to DPD, satisfactory in form and substance to DPD, with respect to current employment matters, and any ground leases or operating leases executed in connection with the Project. The Developer shall have delivered to the City an Escrow Agreement in a form acceptable to the City and the other parties thereto; the Escrow Agreement will provide that any disbursement of funds from the Escrow must be approved in advance by the City.

5.13 Environmental. Prior to the Closing Date, the Developer shall have provided DPD with copies of that certain phase I environmental audit completed with respect to the Property and a letter from the environmental engineer(s) who completed such audit authorizing the City to rely on such audit. Prior to the commencement of construction or rehabilitation work on the basement and the first and second floors of the Building, the Developer shall deliver to DPD a phase II environmental audit with respect to the Property, a letter from the environmental engineer(s) who completed such audit authorizing the City to rely on such audit, and evidence satisfactory to DPD that all PCB remediation work required for the Project has been completed. There shall be no reduction in the principal amount of the Construction L/C until the Developer delivers said phase II environmental audit and reliance letter from the environmental engineer(s). If the phase II environmental audit reveals the existence of material environmental problems, then the Developer shall (a) within three months of the completion of the phase II environmental

audit, demonstrate to DPD's satisfaction that financing is available to remediate all material environmental problems, identify a deadline acceptable to DPD for the completion of remediation, and commence remediation, and (b) expeditiously proceed to complete remediation prior to the applicable deadline.

5.14 Corporate Documents. State Cite, L.L.C. shall provide a copy of its Articles of Organization containing the original certification of the Secretary of State of its state of formation; certificates of good standing from the Secretary of State of its state of formation and all other states in which the Developer is qualified to do business; a secretary's certificate in such form and substance as the Corporation Counsel may require; a certified copy of its Operating Agreement; and such other organizational documentation as the City may request. Hub Building Limited Partnership shall provide a copy of its agreement of limited partnership; a certificate of existence certified by the Secretary of State of its state of organization; certificates of good standing from the Secretary of State of its state of formation and all other states in which Hub Building Limited Partnership is qualified to do business; a secretary's certificate in such form and substance as the Corporation Counsel may require; and such other organizational documentation as the City may request.

5.15 Litigation. The Developer shall provide to Corporation Counsel and DPD, at least ten (10) business days prior to the Closing Date, a description of all pending or threatened litigation or administrative proceedings involving the Developer, specifying, in each case, the amount of each claim, an estimate of probable liability, the amount of any reserves taken in connection therewith and whether (and to what extent) such potential liability is covered by insurance.

5.16 Construction L/C. The Developer shall deliver the Construction L/C to the City on or before the Closing Date. The Construction L/C may have a one-year term which must be renewed for at least one year at least 30 days in advance of its then expiry date unless automatically renewed by its terms for such period by the issuing institution (a so-called "evergreen provision") unless the issuer notifies the City at least 60 days prior to the expiration of the issuer's intent not to renew the Construction L/C. Unless the Construction L/C is renewed at least 30 days prior to its expiration date, or if the issuer of the Construction L/C containing an "evergreen provision" for automatic renewal gives timely notice not to renew the same and no replacement Construction L/C is provided to the City at least 30 days prior to the expiration date, then the City shall be permitted to draw on the Construction L/C in its full amount. The City may draw on the Construction L/C if the Developer fails to comply with Sections 4.03(b), 8.02, 8.09, 10.01, 10.02 or 10.03, or any Event of Default has occurred; and, in addition, if the Compliance L/C is never issued, then the City may also draw on the Construction L/C if the Developer fails to comply with Sections 8.06, 8.28, or 8.30. With respect to a failure by the Developer to comply with Section 10.02, the City may draw on the Construction L/C in an amount not to exceed the amount specified in the ninth paragraph of Section 10.02. Notwithstanding anything herein to the contrary, there shall be no reduction in the principal amount of the Construction L/C until the Developer submits evidence acceptable to DPD of the Developer's receipt of Historic

Tax Credit Part I and Part II approval from the National Park Service (or until the Developer provides additional Equity equal to the amount of the anticipated Historic Tax Credit proceeds), at which time the principal amount of the Construction L/C shall be reduced by the City's Deemed Pro Rata Share of any approved draw requests on the Escrow that have not already triggered a reduction in the principal amount of the Construction L/C, and then reductions in the principal amount of the Construction L/C shall proceed pursuant to the terms of this Agreement.

SECTION 6. AGREEMENTS WITH CONTRACTORS

6.01 Bid Requirement for General Contractor and Subcontractors. (a) Except as set forth below, prior to entering into an agreement with a General Contractor or any subcontractor for construction of the Project, the Developer shall solicit, or shall cause the General Contractor to solicit, bids from qualified contractors eligible to do business with, and having an office located in, the City of Chicago, and shall submit all bids received to DPD for its inspection and written approval. The Developer has selected, and the City has approved, Leopardo Companies, Inc. to serve as the General Contractor. The Developer may change the General Contractor with DPD's prior written approval, which shall not be unreasonably withheld. The Developer has selected, and the City has approved, McClier Corporation as the entity providing architectural and engineering services in connection with the Project. The Developer shall submit copies of the Construction Contract to DPD in accordance with Section 6.02 below. Photocopies of all contracts or subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) business days of the execution thereof. The Developer shall ensure that the General Contractor shall not (and shall cause the General Contractor to ensure that the subcontractors shall not) begin work on the Project until the Plans and Specifications and Scope Drawings have been approved by DPD and all requisite permits (including any self-certified permits obtained pursuant to Section 3.06) have been obtained.

(b) The fee of the General Contractor proposed to be paid out of City Funds shall be limited to 10% of the total amount of the Construction Contract. Except as explicitly stated in this paragraph, all other provisions of Section 6.01(a) shall apply, including but not limited to the requirement that the General Contractor shall solicit competitive bids from all subcontractors.

6.02 Construction Contract. Prior to the execution thereof, the Developer shall deliver to DPD a copy of the proposed Construction Contract with the General Contractor selected to handle the Project in accordance with Section 6.01 above, for DPD's prior written approval, which shall be granted or denied within ten (10) business days after delivery thereof. Within ten (10) business days after execution of such contract by the Developer, the General Contractor and any other parties thereto, the Developer shall deliver to DPD and Corporation Counsel a certified copy of such contract together with any modifications, amendments or supplements thereto.

6.03 Performance and Payment Bonds. Prior to commencement of construction, the Developer shall require that the General Contractor (and any subcontractor whose work includes

work in the public way) be bonded for its performance and payment by sureties having an AA rating or better using American Institute of Architect's Form No. A311 or its equivalent. The City shall be named as obligee or co-obligee on such bond.

6.04 Employment Opportunity. The Developer shall contractually obligate and cause the General Contractor and each subcontractor to agree to the provisions of Section 10 hereof.

6.05 Other Provisions. In addition to the requirements of this Section 6, the Construction Contract and each contract with any subcontractor shall contain provisions required pursuant to Section 3.04 (Change Orders), Section 8.09 (Prevailing Wage), Section 10.01(e) (Employment Opportunity), Section 10.02 (City Resident Employment Requirement), Section 10.03 (MBE/WBE Requirements; General Contractor only), Section 12 (Insurance) and Section 14.01 (Books and Records) hereof.

SECTION 7. COMPLETION OF CONSTRUCTION OR REHABILITATION

7.01 Certificate of Completion. Upon occupancy of 85% (by square footage) of the Build-to-Suit Space in accordance with the terms of this Agreement, and upon completion of all other portions of the Project (including but not limited to satisfaction of the Developer's obligations under Sections 10.02 and 10.03) in accordance with the terms of this Agreement, and upon the Developer's written request, DPD shall issue to the Developer a Certificate in _____ recordable form certifying that the Developer has fulfilled its obligation to complete the Project in accordance with the terms of this Agreement. Prior to issuance of the Certificate, upon completion of all portions of the Project except the Build-to-Suit Space in accordance with the terms of this Agreement and after the final disbursement from the Escrow made with respect thereto, and upon the Developer's written request, DPD shall issue to the Developer a Partial Completion Certificate in recordable form certifying that the Developer has fulfilled its obligation to complete such portion of the Project in accordance with the terms of the Agreement. DPD shall respond to the Developer's written request for a Certificate or Partial Completion Certificate within thirty (30) days by issuing either a Certificate or Partial Completion Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed, and the measures which must be taken by the Developer in order to obtain the Certificate or Partial Completion Certificate. The Developer may resubmit a written request for a Certificate or Partial Completion Certificate upon completion of such measures.

7.02 Effect of Issuance of Certificate or Partial Completion Certificate; Continuing Obligations. The Certificate or Partial Completion Certificate issued pursuant to Section 7.01 relates only to the completion of the Project (or portion thereof), and upon its issuance, the City will certify that the terms of the Agreement specifically related to the Developer's obligation to complete the activities evidenced by the Certificate or Partial Completion Certificate have been satisfied. After the issuance of a Certificate or Partial Completion Certificate, however, all

executory terms and conditions of this Agreement and all representations and covenants contained herein will continue to remain in full force and effect throughout the Term of the Agreement as to the parties described in the following paragraph, and the issuance of the Certificate or Partial Completion Certificate shall not be construed as a waiver by the City of any of its rights and remedies pursuant to such executory terms.

Those covenants specifically described at Sections 8.02, 8.06, 8.20, 8.21, 8.22, 8.28, and 8.30 as covenants that run with the land are the only covenants in this Agreement intended to be binding upon any transferee of the Property (including an assignee as described in the following sentence) throughout the Term of the Agreement notwithstanding the issuance of a Certificate or Partial Completion Certificate. The other executory terms of this Agreement that remain after the issuance of a Certificate or Partial Completion Certificate shall be binding only upon the Developer or a permitted assignee of the Developer who, pursuant to Section 18.15 of this Agreement, has contracted to take an assignment of the Developer's rights under this Agreement and assume the Developer's liabilities hereunder.

7.03 Failure to Complete. If the Developer fails to complete the Project in accordance with the terms of this Agreement, then the City shall have, but shall not be limited to, any of the following rights and remedies:

- (a) the right to terminate this Agreement and to draw on the Construction L/C; and
- (b) the right to seek reimbursement of the City Funds from the Developer.

7.04 Notice of Expiration of Term of Agreement. Upon the expiration of the Term of the Agreement, DPD shall provide the Developer, at the Developer's written request, with a written notice in recordable form stating that the Term of the Agreement has expired.

SECTION 8. COVENANTS/REPRESENTATIONS/WARRANTIES OF THE DEVELOPER.

8.01 General. The Developer represents, warrants and covenants, as of the date of this Agreement and as of the date of each draw request on the Escrow, that:

(a) Hub Building Limited Partnership is an Illinois limited partnership, and State Cite L.L.C. is a Delaware limited liability company, each duly organized, validly existing, qualified to do business in Illinois, and licensed to do business in any other state where, due to the nature of its activities or properties, such qualification or license is required;

(b) the Developer has the right, power and authority to enter into, execute, deliver and perform this Agreement;

(c) the execution, delivery and performance by the Developer of this Agreement has been duly authorized by all necessary action, and does not and will not violate its Agreement of Limited Partnership, Articles of Organization or Operating Agreement as amended and supplemented, any applicable provision of law, or constitute a breach of, default under or require any consent under any agreement, instrument or document to which the Developer is now a party or by which the Developer is now or may become bound;

(d) unless otherwise permitted pursuant to the terms of this Agreement, Hub Building Limited Partnership shall acquire and shall maintain good, indefeasible and merchantable fee simple title to the Property free and clear of all liens (except for the Permitted Liens, Lender Financing as disclosed in the Project Budget and non-governmental charges that the Developer is contesting in good faith pursuant to Section 8.15 hereof);

(e) the Developer is now and for the Term of the Agreement shall remain solvent and able to pay its debts as they mature;

(f) there are no actions or proceedings by or before any court, governmental commission, board, bureau or any other administrative agency pending, threatened or affecting the Developer which would impair its ability to perform under this Agreement;

(g) the Developer has and shall maintain all government permits, certificates and consents (including, without limitation, appropriate environmental approvals) necessary to conduct its business and to construct, complete and operate the Project;

(h) the Developer is not in default with respect to any indenture, loan agreement, mortgage, deed, note or any other agreement or instrument related to the borrowing of money to which the Developer is a party or by which the Developer is bound;

(i) the Financial Statements are, and when hereafter required to be submitted will be, complete, correct in all material respects and accurately present the assets, liabilities, results of operations and financial condition of State Cite, L.L.C. and Hub Building Limited Partnership, and there has been no material adverse change in the assets, liabilities, results of operations or financial condition of State Cite, L.L.C. or Hub Building Limited Partnership since the date of their most recent Financial Statements;

(j) prior to the issuance of a Certificate, the Developer shall not do any of the following without the prior written consent of DPD: (1) be a party to any merger, liquidation or consolidation; (2) sell, transfer, convey, lease or otherwise dispose of all or substantially all of its assets or any portion of the Property (including but not limited to any fixtures or equipment now or hereafter attached thereto) except in the ordinary course of business and only in accordance with Section 8.22; (3) enter into any transaction outside the ordinary course of the Developer's business; (4) assume, guarantee, endorse, or otherwise become liable in connection

with the obligations of any other person or entity; or (5) enter into any transaction that would cause a material and detrimental change to the Developer's financial condition;

(k) the Developer has not incurred, and, prior to the issuance of a Certificate, shall not, without the prior written consent of the Commissioner of DPD, allow the existence of any liens against the Property other than the Permitted Liens; or, except as provided in Section 8.27 hereof, incur any indebtedness, secured or to be secured by the Property or any fixtures now or hereafter attached thereto, except Lender Financing disclosed in the Project Budget;

(l) has not made or caused to be made, directly or indirectly, any payment, gratuity or offer of employment in connection with the Agreement or any contract paid from the City treasury or pursuant to City ordinance, for services to any City agency ("City Contract") as an inducement for the City to enter into the Agreement or any City Contract with the Developer in violation of Chapter 2-156-120 of the Municipal Code of the City;

(m) prior to the issuance of the Certificate, the development team for the Project shall include the Masonry Contractor; McClier Corporation, as the Architect; and Leopardo Companies, Inc., as the General Contractor, unless DPD consents in writing to any change in such development team;

(n) State Cite, L.L.C. is and shall remain the sole general partner of Hub Building Limited Partnership and shall not sell, transfer or convey any portion of its interest in Hub Building Limited Partnership, unless DPD consents in writing to any change in the general partner or transfer of such interest; and

(o) Steven G. Levin is and shall remain the sole managing member of State Cite, L.L.C. and shall not sell, transfer or convey any portion of his interest in State Cite, L.L.C., unless DPD consents in writing to any change in the managing member or transfer of such interest.

8.02 Covenant to Redevelop. Upon DPD's approval of the Project Budget, the Scope Drawings and Plans and Specifications as provided in Sections 3.02, 3.03, and 3.05 hereof, and the Developer's receipt of all required building permits and governmental approvals, the Developer shall redevelop the Property in accordance with this Agreement and all Exhibits attached hereto, the TIF Ordinances, the Bond Ordinance, the Scope Drawings, Plans and Specifications, Project Budget and all amendments thereto, and all federal, state and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project, the Property and/or the Developer. The covenants set forth in this Section shall run with the land and be binding upon any transferee for the Term of the Agreement.

8.03 Redevelopment Plan. The Developer represents that the Project is and shall be in compliance with all of the terms of the Redevelopment Plan.

8.04 Use of City Funds. City Funds disbursed to the Developer shall be used by the Developer solely to pay for (or to reimburse the Developer for its payment for) the TIF-Funded Improvements as provided in this Agreement.

8.05 Other Bonds. The Developer shall, at the request of the City, agree to any reasonable amendments to this Agreement that are necessary or desirable in order for the City to issue (in its sole discretion) any additional bonds in connection with the Project, the proceeds of which are to be used in part to reimburse the City for expenditures made in connection with the TIF-Funded Improvements (the "Other Bonds"); provided, however, that any such amendments shall not have a material adverse effect on the Developer or the Project. The Developer shall, at the Developer's expense, cooperate and provide reasonable assistance in connection with the marketing of any such Other Bonds, including but not limited to providing written descriptions of the Project, making representations, providing information regarding its financial condition and assisting the City in preparing an offering statement with respect thereto.

8.06 Job Creation and Retention. By December 31, 2002, on the Project Floors, not less than 262 full-time equivalent, permanent jobs in the information-technology industry, including support staff and Other Tenants, and not less than 23 full-time equivalent, permanent retail jobs, shall be created by the Developer in connection with the Project and retained at the Building for not less than the Term of the Agreement. It shall be an Event of Default if there is a failure to comply with the job creation and job retention provisions of this Section for any six consecutive months. The covenants set forth in this Section shall run with the land and be binding upon any transferee for the Term of the Agreement.

8.07 Employment Opportunity; Progress Reports. The Developer covenants and agrees to abide by, and contractually obligate and use reasonable efforts to cause the General Contractor and each subcontractor to abide by the terms set forth in Section 10 hereof. The Developer shall deliver to the City written progress reports detailing compliance with the requirements of Sections 8.09, 10.02 and 10.03 of this Agreement. Such reports shall be delivered to the City when the Project is 25%, 50%, 70% and 100% completed (based on the amount of expenditures incurred in relation to the Project Budget). If any such reports indicate a shortfall in compliance, the Developer shall also deliver a plan to DPD which shall outline, to DPD's satisfaction, the manner in which the Developer shall correct any shortfall.

8.08 Employment Profile. The Developer shall submit, and contractually obligate and cause the General Contractor or any subcontractor to submit, to DPD, from time to time, statements of its employment profile upon DPD's request.

8.09 Prevailing Wage. The Developer covenants and agrees to pay, and to contractually obligate and cause the General Contractor and each subcontractor to pay, the prevailing wage rate as ascertained by the Illinois Department of Labor (the "Department"), to all Project employees. All such contracts shall list the specified rates to be paid to all laborers, workers and mechanics for each craft or type of worker or mechanic employed pursuant to such contract. If

the Department revises such prevailing wage rates, the revised rates shall apply to all such contracts. Upon the City's request, the Developer shall provide the City with copies of all such contracts entered into by the Developer or the General Contractor to evidence compliance with this Section 8.09.

8.10 Arms-Length Transactions. Unless DPD shall have given its prior written consent with respect thereto, no Affiliate of the Developer may receive any portion of City Funds, directly or indirectly, in payment for work done, services provided or materials supplied in connection with any TIF-Funded Improvement. The Developer shall provide information with respect to any entity to receive City Funds directly or indirectly (whether through payment to the Affiliate by the Developer and reimbursement to the Developer for such costs using City Funds, or otherwise), upon DPD's request, prior to any such disbursement.

8.11 Conflict of Interest. Pursuant to Section 5/11-74.4-4(n) of the Act, the Developer represents, warrants and covenants that, to the best of its knowledge, no member, official, or employee of the City, or of any commission or committee exercising authority over the Project, the Redevelopment Area or the Redevelopment Plan, or any consultant hired by the City or the Developer with respect thereto, owns or controls, has owned or controlled or will own or control any interest, and no such person shall represent any person, as agent or otherwise, who owns or controls, has owned or controlled, or will own or control any interest, direct or indirect, in the Developer's business, the Property or any other property in the Redevelopment Area.

8.12 Disclosure of Interest. The Developer's counsel has no direct or indirect financial ownership interest in the Developer, the Property or any other aspect of the Project.

8.13 Financial Statements. State Cite, L.L.C. and Hub Building Limited Partnership shall obtain and provide to DPD Financial Statements for their fiscal year ended 1999 and each year thereafter for the Term of the Agreement. In addition, State Cite, L.L.C. and Hub Building Limited Partnership shall submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other periods as DPD may request.

8.14 Insurance. The Developer, at its own expense, shall comply with all provisions of Section 12 hereof.

8.15 Non-Governmental Charges. (a) Payment of Non-Governmental Charges. Except for the Permitted Liens, the Developer agrees to pay or cause to be paid when due any Non-Governmental Charge assessed or imposed upon the Project, the Property or any fixtures that are or may become attached thereto, which creates, may create, or appears to create a lien upon all or any portion of the Property or Project; provided however, that if such Non-Governmental Charge may be paid in installments, the Developer may pay the same together with any accrued interest thereon in installments as they become due and before any fine, penalty, interest, or cost may be added thereto for nonpayment. The Developer shall furnish to DPD, within thirty (30) days of

DPD's request, official receipts from the appropriate entity, or other proof satisfactory to DPD, evidencing payment of the Non-Governmental Charge in question.

(b) Right to Contest. The Developer shall have the right, before any delinquency occurs:

(i) to contest or object in good faith to the amount or validity of any Non-Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted, in such manner as shall stay the collection of the contested Non-Governmental Charge, prevent the imposition of a lien or remove such lien, or prevent the sale or forfeiture of the Property (so long as no such contest or objection shall be deemed or construed to relieve, modify or extend the Developer's covenants to pay any such Non-Governmental Charge at the time and in the manner provided in this Section 8.15); or

(ii) at DPD's sole option, to furnish a good and sufficient bond or other security satisfactory to DPD in such form and amounts as DPD shall require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Property or any portion thereof or any fixtures that are or may be attached thereto, during the pendency of such contest, adequate to pay fully any such contested Non-Governmental Charge and all interest and penalties upon the adverse determination of such contest.

8.16 Developer's Liabilities. The Developer shall not enter into any transaction that would materially and adversely affect its ability to perform its obligations hereunder or to repay any material liabilities or perform any material obligations of the Developer to any other person or entity. The Developer shall immediately notify DPD of any and all events or actions which may materially affect the Developer's ability to carry on its business operations or perform its obligations under this Agreement or any other documents and agreements.

8.17 Compliance with Laws. Except for the items listed on Exhibit L, which are to be brought into compliance as part of the Project, to the best of the Developer's knowledge, after diligent inquiry, the Property and the Project are and shall be in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, executive orders and codes pertaining to or affecting the Project and the Property. Upon the City's request, the Developer shall provide evidence satisfactory to the City of such compliance.

8.18 Recording and Filing. The Developer shall cause this Agreement, certain exhibits (as specified by Corporation Counsel), all amendments and supplements hereto to be recorded and filed on the date hereof in the conveyance and real property records of the county in which the Project is located. This Agreement shall be recorded prior to any mortgage made in connection with Lender Financing. The Developer shall pay all fees and charges incurred in connection with any such recording. Upon recording, the Developer shall immediately transmit

to the City an executed original of this Agreement showing the date and recording number of record.

8.19 Real Estate Provisions.

(a) Governmental Charges.

(i) Payment of Governmental Charges. The Developer agrees to pay or cause to be paid when due all Governmental Charges (as defined below) which are assessed or imposed upon the Developer, the Property or the Project, or become due and payable, and which create, may create, or appear to create a lien upon the Developer or all or any portion of the Property or the Project. "Governmental Charge" shall mean all federal, State, county, the City, or other governmental (or any instrumentality, division, agency, body, or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances relating to the Developer, the Property or the Project including but not limited to real estate taxes.

(ii) Right to Contest. The Developer shall have the right before any delinquency occurs to contest or object in good faith to the amount or validity of any Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted in such manner as shall stay the collection of the contested Governmental Charge and prevent the imposition of a lien or the sale or forfeiture of the Property. No such contest or objection shall be deemed or construed in any way as relieving, modifying or extending the Developer's covenants to pay any such Governmental Charge at the time and in the manner provided in this Agreement unless the Developer has given prior written notice to DPD of the Developer's intent to contest or object to a Governmental Charge and, unless, at DPD's sole option,

(iii) the Developer shall demonstrate to DPD's satisfaction that legal proceedings instituted by the Developer contesting or objecting to a Governmental Charge shall conclusively operate to prevent or remove a lien against, or the sale or forfeiture of, all or any part of the Property to satisfy such Governmental Charge prior to final determination of such proceedings; and/or

(iv) the Developer shall furnish a good and sufficient bond or other security satisfactory to DPD in such form and amounts as DPD shall require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Property during the pendency of such contest, adequate to pay fully any such contested Governmental Charge and all interest and penalties upon the adverse determination of such contest.

(b) Developer's Failure To Pay Or Discharge Lien. If the Developer fails to pay any Governmental Charge or to obtain discharge of the same, the Developer shall advise DPD thereof

in writing, at which time DPD may, but shall not be obligated to, and without waiving or releasing any obligation or liability of the Developer under this Agreement, in DPD's sole discretion, make such payment, or any part thereof, or obtain such discharge and take any other action with respect thereto which DPD deems advisable. All sums so paid by DPD, if any, and any expenses, if any, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be promptly disbursed to DPD by the Developer. Notwithstanding anything contained herein to the contrary, this paragraph shall not be construed to obligate the City to pay any such Governmental Charge. Additionally, if the Developer fails to pay any Governmental Charge, the City, in its sole discretion, may require the Developer to submit to the City audited Financial Statements at the Developer's own expense.

8.20 Tenant Selection. The Developer shall execute leases with tenants for the Building according to the following provisions. The covenants set forth in this Section shall run with the land and be binding upon any transferee for the Term of the Agreement.

(a) Retail Tenants. No later than December 31, 2000, the Retail Space shall be leased to, and occupied by, the following types of tenants: (i) a reproduction/facsimile/stationery/office supply services company that is open for business 24 hours a day; (ii) a cafe/coffee house that serves sandwiches and similar food that is open late hours or preferably 24 hours a day; (iii) a restaurant-bar with full seating and lounge; and (iv) for retail space on the second floor of the Building, a bookstore with a cafe and software products (collectively, the categories of tenants described in clauses (i) to (iv) are referred to herein as "Retail Tenants"). If space permits, the Developer shall use its best efforts to execute leases with one tenant from each category of Retail Tenant. Otherwise, the Developer shall execute leases with as many categories of Retail Tenants as is feasible. The Developer shall not lease any portion of the Retail Space to any tenant other than a Retail Tenant (or approve or allow a sublease of any portion of the Retail Space to any tenant other than a Retail Tenant) without the prior approval of DPD, and the Developer shall not lease second-floor retail space to any tenant other than the Retail Tenant described in clause (iv) above without the prior approval of DPD. Notwithstanding the foregoing, the optometry/eyeglass tenant occupying 5,600 square feet of retail space in the Building as of the date hereof may remain a tenant until its lease expires in May 2008, and the Discount Stereo tenant occupying retail space along the State Street side of the Building as of the date hereof may remain a tenant until its lease expires in May 2001. The Developer agrees to use reasonable efforts to relocate the Discount Stereo tenant prior to the expiration of its lease. In the event that market forces prevent the Developer from fully leasing the Retail Space to Retail Tenants, and the Developer provides evidence of same acceptable to DPD as evidenced by DPD's written approval, then DPD shall identify additional categories of tenants for the Retail Space that would be acceptable to DPD. With respect to any prior approval of tenants from DPD that is required under this paragraph, the Developer shall submit a written request for approval to DPD, which shall contain a statement of the deadline for DPD to respond under this Section, and DPD shall respond within seven business days of DPD's receipt of such request. If DPD fails to respond within this time period, the request shall be deemed approved.

(b) IT Tenants. For the Project Floors, the Developer shall execute leases with companies in the information-technology industry who either employ less than 300 employees or else desire to locate less than 200 of their information-technology staff in the Building, including companies involved in computing; software development; Internet services; telecommunications; new media; electronic commerce; website content development to create products and services which can be used by customers and business users; the study, design, development, implementation, support or management of computer-based information systems, particularly software applications and computer hardware; a computer/computer-related technology school or learning center; and such other companies as shall be acceptable to DPD in its sole discretion (collectively, the "IT Tenants"). The Developer shall permit leases with IT Tenants to have a term of one year or less. Notwithstanding the foregoing, the Developer may execute a lease with not more than one IT Tenant occupying up to 45,000 square feet of space or approximately three floors of the Building, and the Developer may use up to 2,500 square feet of space to be occupied by the Developer or its leasing affiliate. Each lease with IT Tenants, including any lease executed pursuant to Section 8.30 hereof, shall include a provision for the early termination of the lease in the event that the lessee agrees to enter into a replacement lease for a greater number of square feet in the Building. With respect to any prior approval of tenants from DPD that is required under this paragraph, the Developer shall submit a written request for approval to DPD, which shall contain a statement of the deadline for DPD to respond under this Section, and DPD shall respond within five business days of DPD's receipt of such request. If DPD fails to respond within this time period, the request shall be deemed approved.

(c) Other Tenants. Notwithstanding the other requirements set forth in this Section 8.20 and 8.30, if IT Tenants or prospective IT Tenants no longer find the Building suitable for their businesses, and as a result rental income from leases with Retail Tenants, IT Tenants and Permitted Non-IT Tenants are insufficient to cover operating expenses and debt service on the Building, and the Developer submits written evidence to this effect satisfactory to DPD (as evidenced by its written acknowledgment and acceptance), the Developer may execute leases with other categories of commercial tenants (the "Other Tenants") to the extent necessary to cover such operating expenses and debt service. The Developer shall provide appropriate notice to DPD of its desire and intention to execute leases with Other Tenants, which notice shall include a statement of the deadline for DPD to respond under this section, and DPD shall respond within five business days of receipt of such notice. If DPD fails to respond within such time period, the request shall be deemed approved.

8.21 Provision of Information Technology Facilities. The Developer shall execute a contract or contracts (the "IT Facilities Contract") with one or more information-technology companies (the "IT Facilities Provider") for the installation and maintenance on a nonexclusive basis of high-speed internet access fibers, cables, and related wiring and other equipment in accordance with the Plans and Specifications to service tenants on all floors of the Building (the "IT Facilities"). Any such IT Facilities Contract shall reflect the ability of each tenant to contract with the internet-access company of the tenant's choice, which may include the IT Facilities Provider, and to use the IT Facilities for the purpose of gaining access to such company. Such

company may be required to pay a fee to the IT Facilities Provider for the use of some existing equipment installed by the IT Facilities Provider. Any IT Facilities Contract may provide for a fee to be paid to the IT Facilities Provider by tenants who use the IT Facilities, but tenants who do not use the IT Facilities shall not pay any fee, surcharge or other expense (including higher rents than would otherwise be charged) to defray the cost of the IT Facilities. The covenants set forth in this Section shall run with the land and be binding upon any transferee for the Term of the Agreement.

8.22 Restrictions on Use and Sale. During the Term of the Agreement, the Developer agrees not to sell, transfer or convey (excluding any lease to tenants in accordance with this Agreement) any portion of the Property or use the Property for any purpose other than as contemplated under this Agreement without DPD's prior written consent. Any transfer of the Property shall be subject to the transferee's assumption of the Developer's obligations that run with the land. The covenants set forth in this Section shall run with the land and be binding upon any transferee.

8.23 Participation in Job Readiness Program. The Developer agrees to cooperate with the City in working with tenants for job training and/or job creation purposes.

8.24 Provision and Operation of Shuttle Van. The Developer agrees to provide a shuttle van for use by and for the benefit of the tenants (and their employees, guests and invitees) of the Building, for the Term of the Agreement, as part of a public benefit to be provided in connection with this Agreement.

8.25 Marketing. The Developer agrees to support the City's initiative to market the Building as part of an information-technology district in downtown Chicago, which support shall include, but not be limited to, incorporation of a standard logo on marketing materials and/or on the premises of the Building, and cooperation with brokers identified by DPD as central points of contact for potential IT Tenants.

8.26 Compliance L/C. Upon the issuance of the Certificate, the Developer shall deliver the Compliance L/C to the City. The Compliance L/C may have a one-year term which must be renewed for at least one year at least 30 days in advance of its then expiry date unless automatically renewed by its terms for such period by the issuing institution (a so-called "evergreen provision") unless the issuer notifies the City at least 60 days prior to the expiration of the issuer's intent not to renew the Compliance L/C. Unless the Compliance L/C is renewed at least 30 days prior to its expiration date, or if the issuer of the Compliance L/C containing an "evergreen provision" for automatic renewal gives timely notice not to renew the same and no replacement Compliance L/C is provided to the City at least 30 days prior to the expiration date, then the City shall be permitted to draw on the Compliance L/C in its full amount. The City may draw on the Compliance L/C if the Developer fails to comply with Sections 8.06, 8.28, or 8.30, or an Event of Default has occurred.

8.27 Refinancing. The Developer may obtain refinancing for the Project in a principal amount not to exceed 79% loan-to-value as determined by an appraisal conducted on behalf of the Developer's lender(s).

8.28 Continued Operations. After issuance of the Certificate, the Developer shall ensure (a) that the occupancy rate for the Building (excluding the Retail Space) shall not fall below fifty-one percent (51%) (by square footage), and (b) that the occupancy rate for the Retail Space shall not fall below seventy percent (70%) (by square footage). Beginning from the date of issuance of the Certificate, it shall be an Event of Default for occupancy rates to fall below the requirements set forth in this Section for any twelve consecutive months. The covenants set forth in this Section shall run with the land and be binding upon any transferee for the Term of the Agreement.

8.29 Survival of Covenants. All warranties, representations, covenants and agreements of the Developer contained in this Section 8 and elsewhere in this Agreement shall be true, accurate and complete at the time of the Developer's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and (except as provided in Section 7 hereof upon the issuance of a Certificate) shall be in effect throughout the Term of the Agreement.

8.30 Renovation and Leasing of the Non-Project Floors. As the existing leases for occupancy of the Non-Project Floors terminate, the Developer agrees (i) to renovate the Non-Project Floors and approximately 118,000 square feet of office space therein, with such renovation to occur according to the specifications of the new tenants located by the Developer for such space, and (ii) to initially target potential IT Tenants and to use its best efforts to execute leases with IT Tenants for such space. The Developer is prohibited from agreeing to renew the leases of existing tenants without DPD's prior approval. If there is sufficient demand from potential IT Tenants for office space on the Non-Project Floors, the Developer shall consider buying out the leases of existing tenants on such floors prior to their expiration and to lease such space to IT Tenants. In the event that the Developer is unable to fully lease the Non-Project Floors to IT Tenants, the Developer may execute leases for space on those floors with entities that specialize in servicing information-technology companies, as follows: entities that provide legal, accounting, advocacy, consulting, or marketing services for information-technology companies; information-technology business associations and chambers of commerce; and such other entities as shall be approved by DPD in its sole discretion (collectively, the "Permitted Non-IT Tenants"). Notwithstanding the foregoing, the Developer may lease space on the Non-Project Floors totaling not more than 30,000 square feet to Permitted Non-IT Tenants without first marketing such space to potential IT Tenants. The Developer shall commence its activities under this Section no later than October 1, 1999 and shall complete same no later than December 31, 2007. If the Developer fails to perform its obligations pursuant to this Section, the City may draw on the Compliance L/C. With respect to any prior approval of tenants from DPD that is required under this paragraph, the Developer shall submit a written request for approval to DPD, which shall contain a statement of the deadline for DPD to respond under this Section, and DPD

shall respond within five business days of DPD's receipt of such request. If DPD fails to respond within this time period, the request shall be deemed approved. The covenants set forth in this Section shall run with the land and be binding upon any transferee for the Term of the Agreement.

8.31 Lease Rates. The Developer shall use best efforts to negotiate affordable leases with small-and medium-sized IT companies (under 50 employees) on the Project Floors. Leases on the Project Floors will be held to an initially permitted lease rate for a period of one year from the time of closing. The permitted lease rate on the Project Floors, excluding 17-18, shall not exceed \$20.00 gross per square foot for the base year. The permitted lease rate on Floors 17-18 shall not exceed \$24.00 gross per square foot for the base year. The above permitted lease rates are based on a minimum 3-year term, a \$25.00 per rentable square foot construction allowance and a \$3.00 per square foot allowance for architectural design and space planning. Any construction and design costs exceeding these allowances shall be the responsibility of the tenant and subject to agreement with the Developer. Beginning in the second year of the lease, tenants will pay for their proportionate share of any increases in real estate taxes and operation expenses above the base year. The above lease rates may increase at a rate not to exceed 3% per annum from the base year. Notwithstanding the foregoing, if the actual cost of the Project exceeds the Project Budget, or if there are any other extraordinary lease transaction costs, the permitted base lease rates may be adjusted subject to approval through evidence submitted to DPD. DPD shall have 7 business days to respond.

SECTION 9. COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY

9.01 General Covenants. The City represents that it has the authority as a home rule unit of local government to execute and deliver this Agreement and to perform its obligations hereunder.

9.02 Survival of Covenants. All warranties, representations, and covenants of the City contained in this Section 9 or elsewhere in this Agreement shall be true, accurate, and complete at the time of the City's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and be in effect throughout the Term of the Agreement.

SECTION 10. DEVELOPER'S EMPLOYMENT OBLIGATIONS

10.01 Employment Opportunity. The Developer, on behalf of itself and its successors and assigns, hereby agrees, and shall contractually obligate its or their various contractors, subcontractors or any Affiliate of the Developer operating on the Property (collectively, with the Developer, the "Employers" and individually an "Employer") to agree, that for the Term of this Agreement with respect to Developer and during the period of any other party's provision of services in connection with the construction of the Project or occupation of the Property:

(a) No Employer shall discriminate against any employee or applicant for employment based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income as defined in the City of Chicago Human Rights Ordinance, Chapter 2-160, Section 2-160-010 et seq., Municipal Code, except as otherwise provided by said ordinance and as amended from time to time (the "Human Rights Ordinance"). Each Employer shall take affirmative action to ensure that applicants are hired and employed without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income and are treated in a non-discriminatory manner with regard to all job-related matters, including without limitation: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Each Employer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the City setting forth the provisions of this nondiscrimination clause. In addition, the Employers, in all solicitations or advertisements for employees, shall state that all qualified applicants shall receive consideration for employment without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income.)

(b) To the greatest extent feasible, each Employer is required to present opportunities for training and employment of low- and moderate-income residents of the City and preferably of the Redevelopment Area; and to provide that contracts for work in connection with the construction of the Project be awarded to business concerns that are located in, or owned in substantial part by persons residing in, the City and preferably in the Redevelopment Area.

(c) Each Employer shall comply with all federal, state and local equal employment and affirmative action statutes, rules and regulations, including but not limited to the City's Human Rights Ordinance and the Illinois Human Rights Act, 775 ILCS 5/1-101 et seq. (1993), and any subsequent amendments and regulations promulgated thereto.

(d) Each Employer, in order to demonstrate compliance with the terms of this Section, shall cooperate with and promptly and accurately respond to inquiries by the City, which has the

responsibility to observe and report compliance with equal employment opportunity regulations of federal, state and municipal agencies.

(e) Each Employer shall include the foregoing provisions of subparagraphs (a) through (d) in every contract entered into in connection with the Project, and shall require inclusion of these provisions in every subcontract entered into by any subcontractors, and every agreement with any Affiliate operating on the Property, so that each such provision shall be binding upon each contractor, subcontractor or Affiliate, as the case may be.

(f) Failure to comply with the employment obligations described in this Section 10.01 shall be a basis for the City to pursue remedies under the provisions of Section 15.02 hereof.

10.02 City Resident Construction Worker Employment Requirement. The Developer agrees for itself and its successors and assigns, and shall contractually obligate its General Contractor and shall cause the General Contractor to contractually obligate its subcontractors, as applicable, to agree, that during the construction of the Project they shall comply with the minimum percentage of total worker hours performed by actual residents of the City as specified in Section 2-92-330 of the Municipal Code of Chicago (at least 50 percent of the total worker hours worked by persons on the site of the Project shall be performed by actual residents of the City); provided, however, that in addition to complying with this percentage, the Developer, its General Contractor and each subcontractor shall be required to make good faith efforts to utilize qualified residents of the City in both unskilled and skilled labor positions.

The Developer may request a reduction or waiver of this minimum percentage level of Chicagoans as provided for in Section 2-92-330 of the Municipal Code of Chicago in accordance with standards and procedures developed by the Purchasing Agent of the City.

"Actual residents of the City" shall mean persons domiciled within the City. The domicile is an individual's one and only true, fixed and permanent home and principal establishment.

The Developer, the General Contractor and each subcontractor shall provide for the maintenance of adequate employee residency records to show that actual Chicago residents are employed on the Project. Each Employer shall maintain copies of personal documents supportive of every Chicago employee's actual record of residence.

Weekly certified payroll reports (U.S. Department of Labor Form WH-347 or equivalent) shall be submitted to the Commissioner of DPD (with attention to the monitoring division of DPD) in triplicate, which shall identify clearly the actual residence of every employee on each submitted certified payroll. The first time that an employee's name appears on a payroll, the date that the Employer hired the employee should be written in after the employee's name.

The Developer, the General Contractor and each subcontractor shall provide full access to their employment records to the Purchasing Agent, the Commissioner of DPD, the Superintendent of the Chicago Police Department, the Inspector General or any duly authorized representative of any of them. The Developer, the General Contractor and each subcontractor shall maintain all relevant personnel data and records for a period of at least three (3) years after final acceptance of the work constituting the Project.

At the direction of DPD, affidavits and other supporting documentation will be required of the Developer, the General Contractor and each subcontractor to verify or clarify an employee's actual address when doubt or lack of clarity has arisen.

Good faith efforts on the part of the Developer, the General Contractor and each subcontractor to provide utilization of actual Chicago residents (but not sufficient for the granting of a waiver request as provided for in the standards and procedures developed by the Purchasing Agent) shall not suffice to replace the actual, verified achievement of the requirements of this Section concerning the worker hours performed by actual Chicago residents.

When work at the Project is completed, in the event that the City has determined that the Developer has failed to ensure the fulfillment of the requirement of this Section concerning the worker hours performed by actual Chicago residents or failed to report in the manner as indicated above, the City will thereby be damaged in the failure to provide the benefit of demonstrable employment to Chicagoans to the degree stipulated in this Section. Therefore, in such a case of non-compliance, it is agreed that 1/20 of 1 percent (0.0005) of the aggregate hard construction costs set forth in the Project budget (the product of .0005 x such aggregate hard construction costs) (as the same shall be evidenced by approved contract value for the actual contracts) shall be surrendered by the Developer to the City in payment for each percentage of shortfall toward the stipulated residency requirement. Failure to report the residency of employees entirely and correctly shall result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. The willful falsification of statements and the certification of payroll data may subject the Developer, the General Contractor and/or the subcontractors to prosecution. Any retainage to cover contract performance that may become due to the Developer pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Purchasing Agent's determination as to whether the Developer must surrender damages as provided in this paragraph.

Nothing herein provided shall be construed to be a limitation upon the "Notice of Requirements for Affirmative Action to Ensure Equal Employment Opportunity, Executive Order 11246" and "Standard Federal Equal Employment Opportunity, Executive Order 11246," or other affirmative action required for equal opportunity under the provisions of this Agreement or related documents.

The Developer shall cause or require the provisions of this Section 10.02 to be included in all construction contracts and subcontracts related to the Project.

10.03 The Developer's MBE/WBE Commitment. The Developer agrees for itself and its successors and assigns, and, if necessary to meet the requirements set forth herein, shall contractually obligate the General Contractor to agree that, during the Project:

a. Consistent with the findings which support the Minority-Owned and Women-Owned Business Enterprise Procurement Program (the "MBE/WBE" Program"), Section 2-92-420 et seq., Municipal Code of Chicago, and in reliance upon the provisions of the MBE/WBE Program to the extent contained in, and as qualified by, the provisions of this Section 10.03, during the course of the Project, at least the following percentages of the MBE/WBE Budget (as shown in Exhibit H-2) shall be expended for contract participation by MBEs or WBEs:

- i. At least 25 percent by MBEs.
- ii. At least 5 percent by WBEs.

b. For purposes of this Section 10.03 only, the Developer (and any party to whom a contract is let by the Developer in connection with the Project) shall be deemed a "contractor" and this Agreement (and any contract let by the Developer in connection with the Project) shall be deemed a "contract" as such terms are defined in Section 2-92-420, Municipal Code of Chicago.

c. Consistent with Section 2-92-440, Municipal Code of Chicago, the Developer's MBE/WBE commitment may be achieved in part by the Developer's status as an MBE or WBE (but only to the extent of any actual work performed on the Project by the Developer), or by a joint venture with one or more MBEs or WBEs (but only to the extent of the lesser of (i) the MBE or WBE participation in such joint venture or (ii) the amount of any actual work performed on the Project by the MBE or WBE), by the Developer utilizing a MBE or a WBE as a General Contractor (but only to the extent of any actual work performed on the Project by the General Contractor), by subcontracting or causing the General Contractor to subcontract a portion of the Project to one or more MBEs or WBEs, or by the purchase of materials used in the Project from one or more MBEs or WBEs, or by any combination of the foregoing. Those entities which constitute both a MBE and a WBE shall not be credited more than once with regard to the Developer's MBE/WBE commitment as described in this Section 10.03. The Developer or the General Contractor may meet all or part of this commitment through credits received pursuant to Section 2-92-530 of the Municipal Code of Chicago for the voluntary use of MBEs or WBEs in its activities and operations other than the Project.

d. The Developer shall deliver quarterly reports to DPD during the Project describing its efforts to achieve compliance with this MBE/WBE commitment. Such reports shall include inter alia the name and business address of each MBE and WBE solicited by the Developer or the General Contractor to work on the Project, and the responses received from such solicitation, the name and business address of each MBE or WBE actually involved in the Project, a description of the work performed or products or services supplied, the date and amount of such work, product or service, and such other information as may assist DPD in determining the Developer's

compliance with this MBE/WBE commitment. DPD shall have access to the Developer's books and records, including, without limitation, payroll records, books of account and tax returns, and records and books of account in accordance with Section 14 of this Agreement, on five (5) business days' notice, to allow the City to review the Developer's compliance with its commitment to MBE/WBE participation and the status of any MBE or WBE performing any portion of the Project.

e. Upon the disqualification of any MBE or WBE General Contractor or subcontractor, if such status was misrepresented by the disqualified party, the Developer shall be obligated to discharge or cause to be discharged the disqualified General Contractor or subcontractor and, if possible, identify and engage a qualified MBE or WBE as a replacement. For purposes of this Subsection (e), the disqualification procedures are further described in Section 2-92-540, Municipal Code of Chicago.

f. Any reduction or waiver of the Developer's MBE/WBE commitment as described in this Section 10.03 shall be undertaken in accordance with Section 2-92-450, Municipal Code of Chicago.

g. Prior to the commencement of the Project, the Developer, the General Contractor and all major subcontractors shall be required to meet with the monitoring staff of DPD with regard to the Developer's compliance with its obligations under this Section 10.03. During this meeting, the Developer shall demonstrate to DPD in writing its plan to achieve its obligations under this Section 10.03, the sufficiency of which shall be approved by DPD. Prior to the start of construction of the Project, the Developer shall submit evidence acceptable to DPD that the General Contractor has met at least once with, and provided bid documents to, applicable MBE/WBE contractor associations. During the Project, the Developer shall submit the documentation required by this Section 10.03 to the monitoring staff of DPD. Failure to submit such documentation on a timely basis, or a determination by DPD, upon analysis of the documentation, that the Developer is not complying with its obligations hereunder shall, upon the delivery of written notice to the Developer, be deemed an Event of Default hereunder. Upon the occurrence of any such Event of Default, in addition to any other remedies provided in this Agreement, the City may: (1) issue a written demand to the Developer to halt the Project, (2) withhold any further payment of any City Funds to the Developer or the General Contractor, or (3) seek any other remedies against the Developer available at law or in equity.

h. If reports required under Section 8.07 show a shortfall in compliance with the requirements of this Section 10.03, then notwithstanding any further approved draws on the Escrow, there shall be no further reductions to the principal amount of the Construction L/C until such shortfall is remedied to DPD's satisfaction, at which time the principal amount of the Construction L/C shall be reduced by the City's Deemed Pro Rata Share of any approved draw requests on the Escrow that have not already triggered a reduction in the principal amount of the Construction L/C, and then reductions in the principal amount of the Construction L/C shall resume pursuant to the terms of this Agreement.

SECTION 11. ENVIRONMENTAL MATTERS

The Developer hereby represents and warrants to the City that the Developer has conducted environmental studies sufficient to conclude that the Project may be constructed, completed and operated in accordance with all Environmental Laws and this Agreement and all Exhibits attached hereto, the Scope Drawings, Plans and Specifications and all amendments thereto, the Bond Ordinance and the Redevelopment Plan.

Without limiting any other provisions hereof, the Developer agrees to indemnify, defend and hold the City harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses or claims of any kind whatsoever including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Laws incurred, suffered by or asserted against the City as a direct or indirect result of any of the following, regardless of whether or not caused by, or within the control of the Developer: (i) the presence of any Hazardous Material on or under, or the escape, seepage, leakage, spillage, emission, discharge or release of any Hazardous Material from (A) all or any portion of the Property or (B) any other real property in which the Developer, or any person directly or indirectly controlling, controlled by or under common control with the Developer, holds any estate or interest whatsoever (including, without limitation, any property owned by a land trust in which the beneficial interest is owned, in whole or in part, by the Developer), or (ii) any liens against the Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligation of the City or the Developer or any of its Affiliates under any Environmental Laws relating to the Property.

SECTION 12. INSURANCE

The Developer shall provide and maintain, or cause to be provided, at the Developer's own expense, during the term of this Agreement, the insurance coverages and requirements specified below, insuring all operations related to the Agreement.

(a) Prior to Execution and Delivery of this Agreement

(i) Workers Compensation and Employers Liability Insurance

Workers Compensation and Employers Liability Insurance, as prescribed by applicable law covering all employees who are to provide a service under this Agreement and Employers Liability coverage with limits of not less than \$100,000 each accident or illness.

(ii) Commercial General Liability Insurance (Primary and Umbrella)

Commercial General Liability Insurance or equivalent with limits of not less than \$1,000,000 per occurrence for bodily injury, personal injury, and property damage liability. coverages shall include the following: All premises and operations, products/completed operations, independent contractors, separation of insureds, defense, and contractual liability (with no limitation endorsement). The City of Chicago is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from the work.

(b) Construction

(i) Workers Compensation and Employers Liability Insurance

Workers Compensation and Employers Liability Insurance, as prescribed by applicable law covering all employees who are to provide a service under this Agreement and Employers Liability coverage with limits of not less than \$500,000 each accident or illness.

(ii) Commercial General Liability Insurance (Primary and Umbrella)

Commercial General Liability Insurance or equivalent with limits of not less than \$2,000,000 per occurrence for bodily injury, personal injury, and property damage liability. Coverages shall include the following: All premises and operations, products/completed operations (for a minimum of two (2) years following project completion), explosion, collapse, underground, independent contractors, separation of insureds, defense, and contractual liability (with no limitation endorsement). The City of Chicago is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from the work.

(iii) Automobile Liability Insurance (Primary and Umbrella)

When any motor vehicles (owned, non-owned and hired) are used in connection with work to be performed, the Contractor shall provide Automobile Liability Insurance with limits of not less than \$2,000,000 per occurrence for bodily injury and property damage. The City of Chicago is to be named as an additional insured on a primary, non-contributory bases.

(iv) Railroad Protective Liability Insurance

When any work is to be done adjacent to or on railroad or transit property, Contractor shall provide, or cause to be provided with respect to the

operations that the Contractor performs, Railroad Protective Liability Insurance in the name of railroad or transit entity. The policy shall have limits of not less than \$2,000,000 per occurrence and \$6,000,000 in the aggregate for losses arising out of injuries to or death of all persons, and for damage to or destruction of property, including the loss of use thereof.

(v) Builders Risk Insurance

When the Contractor undertakes any construction, including improvements, betterments, and/or repairs, the Contractor shall provide, or cause to be provided All Risk Builders Risk Insurance at replacement cost for materials, supplies, equipment, machinery and fixtures that are or will be part of the permanent facility. Coverages shall include but are not limited to the following: collapse, boiler and machinery if applicable. The City of Chicago shall be named as an additional insured and loss payee.

(vi) Professional Liability

When any architects, engineers, construction managers or other professional consultants perform work in connection with this Agreement, Professional Liability Insurance covering acts, errors, or omissions shall be maintained with limits of not less than \$1,000,000. Coverage shall include contractual liability. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of work on the Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years.

(vii) Valuable Papers Insurance

When any plans, designs, drawings, specifications and documents are produced or used under this Agreement, Valuable Papers Insurance shall be maintained in an amount to insure against any loss whatsoever, and shall have limits sufficient to pay for the re-creations and reconstruction of such records.

(viii) Contractor's Pollution Liability

When any remediation work is performed which may cause a pollution exposure, contractor's Pollution Liability shall be provided with limits of not less than \$1,000,000 insuring bodily injury, property damage and environmental remediation, cleanup costs and disposal. When policies are renewed, the policy retroactive date must coincide with or precede, start of

work on the Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of one (1) year. The City of Chicago is to be named as an additional insured on a primary, non-contributory basis.

(c) In addition to the insurance required above, the Developer shall procure and maintain the following insurance:

(i) Prior to the execution and delivery of this Agreement and during construction of the Project, All Risk Property Insurance in the amount of the full replacement value of the Property.

(ii) Post-construction, throughout the Term of the Agreement, All Risk Property Insurance, including improvements and betterments in the amount of full replacement value of the Property. Coverage extensions shall include business interruption/loss of rents, flood and boiler and machinery, if applicable.

(d) Other Requirements

The Developer will furnish the City of Chicago, Department of Planning and Development, City Hall, Room 1000, 121 North LaSalle Street 60602, original Certificates of Insurance evidencing the required coverage to be in force on the date of this Agreement, and Renewal Certificates of Insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term of this Agreement. The Developer shall submit evidence of insurance on the City of Chicago Insurance Certificate Form (copy attached) or equivalent prior to Agreement award. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all Agreement requirements. The failure of the City to obtain certificates or other insurance evidence from the Developer shall not be deemed to be a waiver by the City. The Developer shall advise all insurers of the Agreement provisions regarding insurance. Non-conforming insurance shall not relieve the Developer of the obligation to provide insurance as specified herein. Nonfulfillment of the insurance conditions may constitute a violation of the Agreement, and the City retains the right to terminate this Agreement until proper evidence of insurance is provided.

The insurance shall provide for 60 days prior written notice to be given to the City in the event coverage is substantially changed, canceled, or non-renewed.

Any and all deductibles or self insured retentions on referenced insurance coverages shall be borne by the Developer.

The Developer agrees that insurers shall waive rights of subrogation against the City of Chicago, its employees, elected officials, agents, or representatives.

The Developer expressly understands and agrees that any coverages and limits furnished by the Developer shall in no way limit the Developer's liabilities and responsibilities specified within the Agreement documents or by law.

The Developer expressly understands and agrees that the Developer's insurance is primary and any insurance or self insurance programs maintained by the City of Chicago shall not contribute with insurance provided by the Developer under the Agreement.

The required insurance shall not be limited by any limitations expressed in the indemnification language herein or any limitation placed on the indemnity therein given as a matter of law.

The Developer shall require the contractor, and all subcontractors to provide the insurance required herein or Developer may provide the coverages for the Contractor, or subcontractors. All Contractors and subcontractors shall be subject to the same requirements (Section C) of Developer unless otherwise specified herein.

If the Developer, Contractor or subcontractor desires additional coverages, the Developer, Contractor and each subcontractor shall be responsible for the acquisition and cost of such additional protection.

The City of Chicago Risk Management Department maintains the right to modify, delete, alter or change these requirements.

SECTION 13. INDEMNIFICATION

13.01 General Indemnity. The Developer agrees to indemnify, pay and hold the City, and its elected and appointed officials, employees, agents and affiliates (individually an "Indemnitee," and collectively the "Indemnites") harmless from and against, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever, including, without limitation, any of the foregoing which may arise or be a result of any trade secret, trademark, trade name or copyright infringement (and including, without limitation, the reasonable fees and disbursements of counsel for such Indemnites in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnites shall be designated a party thereto), that may be imposed on, suffered, incurred by or asserted against the Indemnites in any manner relating to or arising out of:

- (i) the Developer's failure to comply with any of the terms, covenants and conditions contained within this Agreement; or

- (ii) the Developer's or any contractor's failure to pay General Contractors, subcontractors or materialmen in connection with the TIF-Funded Improvements or any other Project improvement; or
- (iii) the existence of any material misrepresentation or omission in this Agreement, any offering memorandum or information statement or the Redevelopment Plan or any other document related to this Agreement that is the result of information supplied or omitted by the Developer or any Affiliate of Developer or any agents, employees, contractors or persons acting under the control or at the request of the Developer or any Affiliate of Developer; or
- (iv) the Developer's failure to cure any misrepresentation in this Agreement or any other agreement relating thereto;

providing, however, that Developer shall have no obligation to an Indemnitee arising from the negligence, or wanton or willful misconduct of that Indemnitee. To the extent that the preceding sentence may be unenforceable because it is violative of any law or public policy, Developer shall contribute the maximum portion that it is permitted to pay and satisfy under applicable law, to the payment and satisfaction of all indemnified liabilities incurred by the Indemnitees or any of them. The provisions of the undertakings and indemnification set out in this Section 13.01 shall survive the termination of this Agreement.

SECTION 14. MAINTAINING RECORDS/RIGHT TO INSPECT

14.01 Books and Records. The Developer shall keep and maintain separate, complete, accurate and detailed books and records necessary to reflect and fully disclose the total actual cost of the Project and the disposition of all funds from whatever source allocated thereto, and to monitor the Project. All such books, records and other documents, including but not limited to the Developer's loan statements, if any, General Contractors' and contractors' sworn statements, general contracts, subcontracts, purchase orders, waivers of lien, paid receipts and invoices, shall be available at the Developer's offices for inspection, copying, audit and examination by an authorized representative of the City, at the Developer's expense. The Developer shall incorporate this right to inspect, copy, audit and examine all books and records into all contracts entered into by the Developer with respect to the Project.

14.02 Inspection Rights. Upon three (3) business days' notice, any authorized representative of the City shall have access to all portions of the Project and the Property during normal business hours for the Term of the Agreement for the purpose of determining compliance with this Agreement.

SECTION 15. DEFAULT AND REMEDIES

15.01 Events of Default. The occurrence of any one or more of the following events, subject to the provisions of Section 15.03, shall constitute an "Event of Default" by the Developer hereunder:

(a) the failure of the Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Developer under this Agreement, or any material covenants, promises, agreements or obligations of the Developer under any related agreement;

(b) the failure of the Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Developer under any other agreement with any person or entity if such failure may have a material adverse effect on the Developer's business, property, assets, operations or condition, financial or otherwise;

(c) the making or furnishing by the Developer to the City of any representation, warranty, certificate, schedule, report or other communication within or in connection with this Agreement or any related agreement which is untrue or misleading in any material respect;

(d) except as otherwise permitted hereunder, the creation (whether voluntary or involuntary) of, or any attempt to create, any lien or other encumbrance upon the Property, including any fixtures now or hereafter attached thereto, other than the Permitted Liens, or the making or any attempt to make any levy, seizure or attachment thereof;

(e) the commencement of any proceedings in bankruptcy by or against the Developer or for the liquidation or reorganization of the Developer, or alleging that the Developer is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of the Developer's debts, whether under the United States Bankruptcy Code or under any other state or federal law, now or hereafter existing for the relief of debtors, or the commencement of any analogous statutory or non-statutory proceedings involving the Developer; provided, however, that if such commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such proceedings are not dismissed within sixty (60) days after the commencement of such proceedings;

(f) the appointment of a receiver or trustee for the Developer, for any substantial part of the Developer's assets or the institution of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of the Developer; provided, however, that if such appointment or commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such appointment is not revoked or such proceedings are not dismissed within sixty (60) days after the commencement thereof;

(g) the entry of any judgment or order against the Developer which remains unsatisfied or undischarged and in effect for sixty (60) days after such entry without a stay of enforcement or execution;

(h) the occurrence of an event of default under the Lender Financing, which default is not cured within any applicable cure period;

(i) the dissolution of the Developer or, prior to the issuance of the Certificate, the death of any natural person who owns a controlling interest in State Cite, L.L.C. or Hub Building Limited Partnership; or

(j) the institution in any court of a criminal proceeding (other than a misdemeanor) against the Developer or any natural person who owns a material interest in State Cite, L.L.C. or Hub Building Limited Partnership, which is not dismissed within thirty (30) days, or the indictment of the Developer or any natural person who owns a material interest in State Cite, L.L.C. or Hub Building Limited Partnership, for any crime (other than a misdemeanor).

For purposes of Sections 15.01(i) and 15.01(j) hereof, a natural person with a material interest in the Developer shall be one owning in excess of thirty-three percent (33%) of the membership interests of State Cite, L.L.C. or 33% of the partnership interests of Hub Building Limited Partnership.

15.02 Remedies. Upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements, and may draw upon the Construction L/C or the Compliance L/C. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to injunctive relief or the specific performance of the agreements contained herein.

15.03 Curative Period. In the event the Developer shall fail to perform a monetary covenant which the Developer is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless the Developer shall have failed to perform such monetary covenant within ten (10) days of its receipt of a written notice from the City specifying that it has failed to perform such monetary covenant. In the event the Developer shall fail to perform a non-monetary covenant which the Developer is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless the Developer shall have failed to cure such default within thirty (30) days of its receipt of a written notice from the City specifying the nature of the default; provided, however, with respect to those non-monetary defaults which are not capable of being cured within such thirty (30) day period, the Developer shall not be deemed to have committed an Event of Default under this Agreement if it has commenced to cure the alleged default within such thirty (30) day period and thereafter diligently and continuously prosecutes the cure of such default until the same has been cured. The above cure periods shall not apply to a failure by the

Developer to comply with Sections 8.02, 8.06, 8.09, 8.28, 8.30, or 10.03. For failure to comply with Sections 8.02, 8.09, 8.30, or 10.03, there shall be an Event of Default unless the Developer has cured such default within thirty (30) days of its receipt of a written notice from the City specifying the nature of the default. For failure to comply with Sections 8.06 or 8.28, there shall be no notice period and no cure period, and such failure shall constitute an immediate Event of Default as and when declared by the City.

SECTION 16. MORTGAGING OF THE PROJECT

All mortgages or deeds of trust in place as of the date hereof with respect to the Property or any portion thereof are listed on Exhibit G hereto (including but not limited to mortgages made prior to or on the date hereof in connection with Lender Financing) and are referred to herein as the "Existing Mortgages." Any mortgage or deed of trust that the Developer may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof is referred to herein as a "New Mortgage." Any mortgage or deed of trust that the Developer may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof with the prior written consent of the City is referred to herein as a "Permitted Mortgage." It is hereby agreed by and between the City and the Developer as follows:

(a) In the event that a mortgagee or any other party shall succeed to the Developer's interest in the Property or any portion thereof pursuant to the exercise of remedies under a mortgage or deed of trust (other than an Existing Mortgage or a Permitted Mortgage), whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.15 hereof, the City may, but shall not be obligated to, attorn to and recognize such party as the successor in interest to the Developer for all purposes under this Agreement and, unless so recognized by the City as the successor in interest, such party shall be entitled to no rights or benefits under this Agreement, but such party shall be bound by those provisions of this Agreement that are covenants expressly running with the land.

(b) In the event that any mortgagee shall succeed to the Developer's interest in the Property or any portion thereof pursuant to the exercise of remedies under an Existing Mortgage or a Permitted Mortgage, whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.15 hereof, the City hereby agrees to attorn to and recognize such party as the successor in interest to the Developer for all purposes under this Agreement so long as such party accepts all of the obligations and liabilities of "the Developer" hereunder; provided, however, that, notwithstanding any other provision of this Agreement to the contrary, it is understood and agreed that if such party accepts an assignment of the Developer's interest under this Agreement, such party shall have no liability under this Agreement for any Event of Default of the Developer which accrued prior to the time such party succeeded to the interest of the Developer under this

Agreement, in which case the Developer shall be solely responsible. However, if such mortgagee under a Permitted Mortgage or an Existing Mortgage does not expressly accept an assignment of the Developer's interest hereunder, such party shall be entitled to no rights and benefits under this Agreement, and such party shall be bound only by those provisions of this Agreement, if any, which are covenants expressly running with the land.

(c) Prior to the issuance by the City to the Developer of a Certificate pursuant to Section 7 hereof (except as otherwise provided in Section 8.27 hereof), no New Mortgage shall be executed with respect to the Property or any portion thereof without the prior written consent of the Commissioner of DPD. After issuance by the City of a Certificate, such prior consent shall not be required if the mortgagee under the New Mortgage accepts all of the obligations and liabilities of "the Developer" hereunder. However, if such mortgagee under a New Mortgage does not expressly accept an assignment of the Developer's interest hereunder, such party shall be entitled to no rights and benefits under this Agreement without DPD's consent.

SECTION 17. NOTICE

Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service; (b) telecopy or facsimile; (c) overnight courier, or (d) registered or certified mail, return receipt requested.

If to the City:

City of Chicago
Department of Planning and Development
121 North LaSalle Street, Room 1000
Chicago, IL 60602
Attention: Commissioner

With Copies To:

City of Chicago
Department of Law
Finance and Economic Development Division
121 North LaSalle Street, Room 600
Chicago, IL 60602
Attention: Finance and Economic Development Division

If to the Developer:

State Cite LLC
c/o Brijus Properties
155 North Wacker Drive, Suite 625
Chicago, Illinois 60606
Attention: Steven G. Levin

With Copies To:

Alzheimer & Gray
10 South Wacker Drive, Suite 3800
Chicago, Illinois 60606
Attention: Rolando R. Acosta
Erika L. Kruse

First Union Affordable Housing
Community Development Corporation
One First Union Center
301 South College Street
DC6
Charlotte, NC 28288-0156
Attention: Paul E. Norris

Such addresses may be changed by notice to the other parties given in the same manner provided above. Any notice, demand, or request sent pursuant to either clause (a) or (b) hereof shall be deemed received upon such personal service or upon dispatch. Any notice, demand or request sent pursuant to clause (c) shall be deemed received on the day immediately following deposit with the overnight courier and any notices, demands or requests sent pursuant to subsection (d) shall be deemed received two (2) business days following deposit in the mail.

SECTION 18. MISCELLANEOUS

18.01 Amendment. This Agreement and the Exhibits attached hereto may not be amended or modified without the prior written consent of the parties hereto; provided, however, that the City, in its sole discretion, may amend, modify or supplement Exhibit D hereto without the consent of any party hereto.

18.02 Entire Agreement. This Agreement constitutes the entire Agreement between the parties hereto and it supersedes all prior agreements, negotiations and discussions between the parties relative to the subject matter hereof.

18.03 Limitation of Liability. No member, official or employee of the City shall be personally liable to the Developer or any successor in interest in the event of any default or breach by the City or for any amount which may become due to the Developer from the City or any successor in interest or on any obligation under the terms of this Agreement.

18.04 Further Assurances. The Developer agrees to take such actions, including the execution and delivery of such documents, instruments, petitions and certifications as may become necessary or appropriate to carry out the terms, provisions and intent of this Agreement.

18.05 Waiver. Waiver by the City or the Developer with respect to any breach of this Agreement shall not be considered or treated as a waiver of the rights of the respective party with respect to any other default or with respect to any particular default, except to the extent specifically waived by the City or the Developer in writing.

18.06 Remedies Cumulative. The remedies of a party hereunder are cumulative and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any other remedies of such party unless specifically so provided herein.

18.07 Disclaimer. Nothing contained in this Agreement nor any act of the City shall be deemed or construed by any of the parties, or by any third person, to create or imply any relationship of third-party beneficiary, principal or agent, limited or general partnership or joint venture, or to create or imply any association or relationship involving the City.

18.08 Headings. The paragraph and section headings contained herein are for convenience only and are not intended to limit, vary, define or expand the content thereof.

18.09 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

18.10 Severability. If any provision in this Agreement, or any paragraph, sentence, clause, phrase, word or the application thereof, in any circumstance, is held invalid, this Agreement shall be construed as if such invalid part were never included herein and the remainder of this Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

18.11 Conflict. In the event of a conflict between any provisions of this Agreement and the provisions of the TIF Ordinances and/or the Bond Ordinance, such ordinance(s) shall prevail and control.

18.12 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois, without regard to its conflicts of law principles.

18.13 Form of Documents. All documents required by this Agreement to be submitted, delivered or furnished to the City shall be in form and content satisfactory to the City.

18.14 Approval. Wherever this Agreement provides for the approval or consent of the City, DPD or the Commissioner, or any matter is to be to the City's, DPD's or the Commissioner's satisfaction, unless specifically stated to the contrary, such approval, consent or satisfaction shall be made, given or determined by the City, DPD or the Commissioner in writing and in the reasonable discretion thereof. The Commissioner or other person designated by the Mayor of the City shall act for the City or DPD in making all approvals, consents and

determinations of satisfaction, granting the Certificate or otherwise administering this Agreement for the City.

18.15 Assignment. The Developer may not sell, assign or otherwise transfer its interest in this Agreement in whole or in part without the written consent of the City. Notwithstanding the issuance of such Certificates, any successor in interest to the Developer under this Agreement shall certify in writing to the City its agreement to abide by all remaining executory terms of this Agreement, including but not limited to Sections 8.19 and 8.29 hereof, for the Term of the Agreement. The Developer consents to the City's sale, transfer, assignment or other disposal of this Agreement at any time in whole or in part.

18.16 Binding Effect. This Agreement shall be binding upon the Developer, the City and their respective successors and permitted assigns (as provided herein) and shall inure to the benefit of the Developer, the City and their respective successors and permitted assigns (as provided herein).

18.17 Force Majeure. Neither the City nor the Developer nor any successor in interest to either of them shall be considered in breach of or in default of its obligations under this Agreement in the event of any delay caused by damage or destruction by fire or other casualty, strike, shortage of material, unusually adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or for an abnormal duration, tornadoes or cyclones, and other events or conditions beyond the reasonable control of the party affected which in fact interferes with the ability of such party to discharge its obligations hereunder. The individual or entity relying on this section with respect to any such delay shall, upon the occurrence of the event causing such delay, immediately give written notice to the other parties to this Agreement. The individual or entity relying on this section with respect to any such delay may rely on this section only to the extent of the actual number of days of delay effected by any such events described above.

18.18 Exhibits. All of the exhibits attached hereto are incorporated herein by reference.

18.19 Business Economic Support Act. Pursuant to the Business Economic Support Act (30 ILCS 760/1 et seq.), if the Developer is required to provide notice under the WARN Act, the Developer shall, in addition to the notice required under the WARN Act, provide at the same time a copy of the WARN Act notice to the Governor of the State, the Speaker and Minority Leader of the House of Representatives of the State, the President and minority Leader of the Senate of State, and the Mayor of each municipality where the Developer has locations in the State. Failure by the Developer to provide such notice as described above may result in the termination of all or a part of the payment or reimbursement obligations of the City set forth herein.

18.20 No Business Relationship with City Elected Officials. Pursuant to Section 2-156-030(b) of the Municipal Code of Chicago, it is illegal for any elected official of the City, or any

person acting at the direction of such official, to contact, either orally or in writing, any other City official or employee with respect to any matter involving any person with whom the elected official has a "Business Relationship" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship. Violation of Section 2-156-030(b) by any elected official, or any person acting at the direction of such official, with respect to this Agreement, or in connection with the transactions contemplated thereby, shall be grounds for termination of this Agreement and the transactions contemplated thereby. The Developer hereby represents and warrants that, to the best of its knowledge after due inquiry, no violation of Section 2-156-030(b) has occurred with respect to this Agreement or the transactions contemplated thereby.

18.21 Survival of Agreements. Except as otherwise contemplated by this Agreement, all covenants and agreements of the parties contained in this Agreement will survive the consummation of the transactions contemplated hereby.

18.22 Equitable Relief. In addition to any other available remedy provided for hereunder, at law or in equity, to the extent that a party fails to comply with the terms of this Agreement, any of the other parties hereto shall be entitled to injunctive relief with respect thereto, without the necessity of posting a bond or other security, the damages for such breach hereby being acknowledged as unascertainable.

18.23 Venue and Consent to Jurisdiction. If there is a lawsuit under this Agreement, each party hereto agrees to submit to the jurisdiction of the courts of Cook County, the State of Illinois and the United States District Court for the Northern District of Illinois.

18.24 Costs and Expenses. In addition to and not in limitation of the other provisions of this Agreement, Developer agrees to pay upon demand the City's out-of-pocket expenses, including attorneys' fees, incurred in connection with the enforcement of the provisions of this Agreement. This includes, subject to any limits under applicable law, attorneys' fees and legal expenses, whether or not there is a lawsuit, including attorneys' fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Developer also shall pay any court costs, in addition to all other sums provided by law.

18.25 Letter of Credit. With respect to the Construction L/C, the City and the Developer anticipate that funds securing the Construction L/C, which will be deposited by the Developer with the issuer of the Construction L/C (the "L/C Funds"), will be released into the Escrow as the City and the Developer deliver a joint letter of direction to the issuer of the Construction L/C regarding the reduction of the Construction L/C (as is contemplated by the definition of the term "Construction L/C" herein). The parties further understand that, in the event the L/C Funds are not disbursed from the Escrow pursuant to a draw request, but are instead returned to the issuer of the Construction L/C, the Developer will take such steps as are necessary to cause the issuer of

the Construction L/C to increase the amount of the Construction L/C by an amount equal to the funds returned to the issuer. Until such time as the amount of the Construction L/C is so increased, the City will adjust subsequent joint letters of direction accordingly. In addition, in the event that the initial principal amount of the Construction L/C is lower than the amount specified in the definition of "Construction L/C" herein, the City will adjust its joint letter of direction for the initial reduction in the amount of the Construction L/C accordingly.

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IN WITNESS WHEREOF, the parties hereto have caused this Redevelopment Agreement to be executed on or as of the day and year first above written.

STATE CITE L.L.C.

By: 

Its: Managing Member

HUB BUILDING LIMITED PARTNERSHIP

By: State Cite, L.L.C., its sole general partner

By: 

Its: Managing Member

CITY OF CHICAGO

By: 

Christopher R. Hill, JRA

Commissioner,

Department of Planning and Development

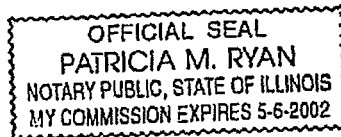
STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Patricia M. Ryan, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Christopher R. Hill, personally known to me to be the _____ Commissioner of the Department of Planning and Development of the City of Chicago (the "City"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that she signed, sealed, and delivered said instrument pursuant to the authority given to her by the City, as her free and voluntary act and as the free and voluntary act of the City, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 12th day of August, 1999.

Patricia M. Ryan
Notary Public

My Commission Expires 5/06/2002



STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, JEANINE OKEEFE, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Steven E. Levin personally known to me to be the managing member of State Cite, L.L.C., a Delaware limited liability company, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed, and delivered said instrument, pursuant to the authority given to him by the members of State Cite, L.L.C., as his free and voluntary act and as the free and voluntary act of State Cite, L.L.C., for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 12 day of August, 1999.

Jeanine Okeefe
Notary Public

My Commission Expires 9/19/99