

## Contract Summary Sheet

**Contract (PO) Number:** 5473

**Specification Number:** 23814

**Name of Contractor:** DEARBORN CENTER LLC

**City Department:** PLANNING & DEVELOPMENT

**Title of Contract:** Redevelopment of 123-141 S. Dearborn

**Dollar Amount of Contract (or maximum compensation if a Term Agreement) (DUR):**

\$10,000,000.00

**PO Start Date:** 8-1-02

**PO End Date:** 12-31-08

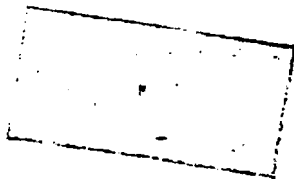
**Brief Description of Work:** Redevelopment of 123-141 S. Dearborn

**Procurement Services Contact Person:** BARBARA SUTTON

**Vendor Number:** 50070883

**Submission Date:**

JUN 07 2004



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AUG - 5 2002

DEARBORN CENTER REDEVELOPMENT AGREEMENT

BY AND BETWEEN

THE CITY OF CHICAGO

AND

DEARBORN CENTER, L.L.C.,  
a Delaware limited liability company

This agreement was prepared by  
and after recording return to:

Randall L. Johnson, Esq.  
City of Chicago Law Department  
121 North LaSalle Street, Room 600  
Chicago, IL 60602

## DEARBORN CENTER REDEVELOPMENT AGREEMENT

This Dearborn Center Redevelopment Agreement (this "Agreement") is made as of this 1<sup>st</sup> day of August, 2002, by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Planning and Development ("DPD"), and Dearborn Center, L.L.C., a Delaware limited liability company (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 "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 Central Loop Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the Central 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 Central Loop Redevelopment Project Area" (the "TIF Adoption Ordinance"), (collectively referred to herein as the "TIF Ordinances"). The redevelopment project area (the "Redevelopment Area") is legally described in Exhibit A hereto.

D. The Project. The Developer has previously purchased certain property located within the Redevelopment Area located at the northeast corner of South Dearborn Street and West Adams Street and to be known as 123-141 South Dearborn, Chicago, Illinois 60604 and legally described on Exhibit B hereto (the "Property"). The Developer intends to build an approximately 1.5 million square foot building consisting of 37 stories, plus an 11 story low-rise building along State Street (collectively, the "Building") situated on the Property. The Dearborn Center project is a mixed use development with three primary functional components: parking, retail and office. The development

will consist of three lower levels with 37 floors above grade along South Dearborn and 11 floors above grade along South State Street. The parking garage will have a capacity of approximately 200 cars and will be entirely below grade. In total, the development will consist of approximately 1.45 million square feet of leasable office and retail space. Lower Level One will have approximately 41,000 square feet of retail space available for a single user or multiple users. Approximately 25,000 square feet of retail space for multiple users will be available at street level. Approximately 32,000 square feet of mezzanine level retail space will be available for multiple users. In addition, there will be improvements to the sidewalk on the South side of Adams Street across from the Building. The construction of the Building, the parking garage and the sidewalk improvements 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 Area and Plan (the "Redevelopment Plan") attached hereto as Exhibit C as amended from time to time.

F. Prior TIF Bond Financing: In 1997, the City issued Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Taxable Series 1997B (the "Series 1997B Bonds") of which \$58,600,000 in principal, and interest, that becomes due and payable thereon until maturity, remained outstanding as of July 1, 2000. On November 8, 2000, the City issued Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 2000A (the "Series 2000A Bonds") in the aggregate principal amount of \$79,996,614 and Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Taxable Series 2000B ("Series 2000B Bonds") in the aggregate principal amount of \$62,350,000 (collectively, the Series 2000A Bonds and the Series 2000B Bonds are referred to as the "Series 2000 Senior Lien Bonds"). In addition, on November 8, 2000, the City issued Subordinate Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 2000A in the aggregate principal amount of \$98,900,000 (the "Subordinate Lien Series 2000A Bonds").

The Series 2000 Senior Lien Bonds, the Series 1997B Bonds and any additional bonds hereafter issued pursuant to the Indenture on a parity basis with the Series 2000 Senior Lien Bonds and the Series 1997B Bonds (collectively, the "Senior Lien Bonds") are secured by a pledge of Pledged Revenues and all of the moneys on deposit in certain accounts within the Incremental Taxes Fund, a trust fund established pursuant to the Act, the Bond Ordinance and the Indenture for the purpose of carrying out the covenants, terms and conditions imposed upon the City by the Indenture (the "Incremental Taxes Fund").

The Subordinate Lien Series 2000A Bonds and any additional bonds issued pursuant to the Subordinate Indenture as Junior Lien Obligations are secured by a pledge of Junior Lien Revenues and all of the monies, securities and earnings thereon in all funds including the Junior Lien Revenue Fund, accounts and sub-accounts, except the Program Expenses Account and the Rebate Account, established pursuant to the Subordinate Indenture. The pledge of Junior Lien Revenues is subject and subordinate to the prior pledge of Pledged Revenues in favor of the Senior Lien Bonds issued

and outstanding under the Indenture. Specific reference is made to Section 502, item (d), of the Subordinate Indenture and Sections 2.02 of the First Supplemental Indenture and 2.07 with respect thereto regarding special mandatory redemption of the Term Bonds comprising part of the Subordinate Lien Series 2000A Bonds from Available Pledged Revenues, as the terms "Term Bonds" and "Available Pledged Revenues" are defined in Article I of said First Supplemental Indenture.

The Developer acknowledges that the Senior Lien Bonds and the Subordinate Lien 2000A Bonds (collectively the "Bonds") are currently issued and outstanding and that the Developer has no claim on any monies except for monies which are deposited into the General Account and which have not been designated for any other purpose under Section 502(d) of the Indenture, and further subject to the conditions, limitations, requirements, terms and conditions of this Agreement. The Developer further acknowledges that pursuant to the Indenture and the Subordinate Indenture, the City, from time to time in the future, may issue additional Bonds, Junior Lien Obligations or Refunding Bonds (collectively referred to herein as the "Superior Lien Obligations") and if and when issued, payment of principal of, premium, if any, and interest on the Superior Lien Obligations would have a prior lien on the Pledged Revenues and/or Junior Lien Revenues over any obligation created under this Agreement. The City agrees that it shall not issue any Superior Lien Obligations unless, in connection therewith, the Developer Note (as hereinafter defined) is paid in full.

G. City Financing: The City agrees to use, in the amounts set forth in Section 4.02 hereof, Available Incremental Taxes (as defined below) to pay principal and interest on the Developer Note, the proceeds of which are to be used by the Developer for Project costs constituting TIF-Funded Improvements, all 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:

"Act" shall have the meaning set forth in the Recitals hereof.

"Affiliate" shall mean any person or entity directly or indirectly controlling, controlled by or under common control with Penny Beitler L.L.C. or Prime Group Realty L.P.

"Approved Purchaser" shall mean: (i) if the Project is sold along with one or more other buildings as part of a portfolio sale, any purchaser acceptable to the Developer; (ii) if the Project is sold as a single property, either (a) Bank One, N.A.; (b) a Bank One Affiliate (as defined below); (iii) any lender (or affiliate of any lender) providing Lender Financing pursuant to a foreclosure or transfer in lieu of foreclosure or any purchaser in foreclosure or transfer in lieu of foreclosure or any transferee of the foregoing; or (iv) such other purchaser as may be reasonably acceptable to the City; and (iii) if the Project is sold as a single property prior to March 31, 2003, EOP Operating Limited Partnership, a Delaware limited partnership, successor by merger to Cornerstone Dearborn LLC, or its successor or affiliate. In no instance, however, shall any person or entity be an "Approved Purchaser" if such person or entity, or its affiliate or principal owners, is in violation of any City laws or regulations or in breach of any contractual agreements with the City and has notice or knowledge of such violation or breach.

"Available Incremental Taxes" shall mean a portion of Excess Incremental Taxes in any year in an amount equal to fifty percent (50%) of the Incremental Taxes attributable to the permanent tax identification numbers comprising the Property, but only to the extent that such Incremental Taxes are generated from general real estate taxes paid with respect to the Property for that year in excess of [\$437,382] (which number represents the general real estate taxes paid with respect to the Property in calendar year 1999), and subject to the provisions of Section 4.02(b)(v) hereof.

"Available Pledged Revenues" shall have the meaning set forth in Recital F of this Agreement.

"Bank One" shall mean Bank One, N.A. or any successor entity due to purchase, consolidation, merger, acquisition or liquidation or Bank One, N.A.'s owner or synthetic lessor.

"Bank One Affiliate" shall mean any person or entity: (i) directly or indirectly controlling, directly or indirectly controlled by or under direct or indirect common control with Bank One or (ii) that is an owner or synthetic lessor of Bank One.

"Bond Ordinance" means that certain ordinance adopted by the City Council of the City on May 17, 2000 authorizing the issuance of the Series 2000 Senior Lien Bonds.

"Bonds" shall have the meaning set forth in Recital F of this Agreement.

"Certificate" shall mean the Certificate described in Section 7.01 hereof for the Project.

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

"City Funds" shall mean the funds described in Section 4.02(b) hereof.

"Closing Date" shall mean the date of execution and delivery of this Agreement by all parties hereto, which shall be deemed to be the date appearing in the first paragraph of this Agreement.

"Construction Contract" shall mean that certain contract attached hereto as Exhibit D entered into between the Developer and the General Contractor relating to the construction of the Project as the same may be amended from time to time.

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

"Developer Note" shall mean the City of Chicago Tax Increment Allocation Revenue Note (Dearborn Center Project), Taxable Series 2000 to be in the form attached hereto as Exhibit E, in the maximum original principal amount of \$10,000,000, to be issued by the City to the Developer on the Closing Date.

"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) available for the Project pursuant to the terms and conditions of the documents submitted in accordance with Section 5.04, in the amount set forth in Section 4.01 hereof, which amount may be increased pursuant to Sections 4.02 or 4.04.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Excess Incremental Taxes" shall mean Incremental Taxes which are received and deposited into the General Account on an annual basis during the calendar year and which are available for the financing or payment of Redevelopment Project Costs under and as limited by Section 706, item (b) of the proviso therein, of the Indenture, i.e., only to the extent fully contingent on the availability in

the General Account of funds for such purpose after satisfying the requirements of the Indenture and Subordinate Indenture with regard to the Senior Lien Bonds and Junior Lien Obligations.

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

"Fifth Anniversary Date" shall mean the date that is five years after the day the City issues the Certificate.

"Financial Statements" shall mean complete financial statements of the Developer, prepared by an independent certified public accountant, or such other financial statements as may be acceptable to DPD.

"General Account" shall mean the General Account established in accordance with Section 5.02(d) of the Indenture.

"General Contractor" shall mean AMEC Construction Management, Inc., a Delaware corporation and formerly known as Morse Diesel International, Inc.

"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 TIF Fund to pay Redevelopment Project Costs and obligations incurred in the payment thereof.

"Incremental Taxes Fund" shall have the meaning set forth in Recital F of this Agreement.

"Indenture" means that certain Trust Indenture dated as of November 1, 1997 as amended by Amendment No. 1 to Indenture dated as of October 1, 2000, and as supplemented by (i) a Second Supplemental Indenture dated as of November 1, 1997 relating to the Series 1997B Bonds, (ii) a Third Supplemental Indenture dated as of October 1, 2000 relating to the Series 2000A Bonds and (iii) a Fourth Supplemental Indenture dated as of October 1, 2000 relating to the Series 2000B Bonds, each from the City to Cole Taylor Bank, as trustee.

"Junior Lien Obligations" mean obligations of the City payable from Junior Lien Revenues which are specifically subordinate and junior to the pledge of Pledged Revenues for the Senior Lien Bonds. The term "Junior Lien Obligations" does not include Incremental Taxes which are received and deposited into the General Account on an annual basis during the calendar year and which are available for the financing or payment of Redevelopment Project Costs under and as limited by



Section 706, item (b) of the proviso therein, of the Indenture, i.e., only to the extent fully contingent on the availability in the General Account of funds for such purpose after satisfying the requirements of the Indenture and Subordinate Indenture with regard to the Senior Lien Bonds and Junior Lien Obligations.

**"Junior Lien Revenues"** mean amounts transferred from time to time from the General Account of the Incremental Taxes Fund under the Indenture to pay principal, redemption price, if any, and interest on Junior Lien Obligations (such as the Subordinate Lien Series 2000A Bonds), including amounts transferred from the General Account to the trustee under the Subordinate Indenture for deposit into the Junior Lien Revenue Fund under the Subordinate Indenture.

**"Junior Lien Revenue Fund"** means the fund by that name established under the Subordinate Indenture as a special fund of the City, to be held by the trustee under the Subordinate Indenture subject to the provisions thereof, separate and apart from all other funds and accounts of the City.

**"Lender Financing"** shall mean funds borrowed by the Developer from a group of banks led by Bayerische Hypo-Und Vereinsbank AG, New York Branch and borrowed by Prime/Beitler Development Company, L.L.C. from a group of lenders led by Bankers Trust Company to pay for costs of the Project, in the amount set forth in Section 4.01 hereof.

**"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 G-2, as described in Section 10.03 as the same may be modified in accordance with this Agreement.

**"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.

**"Permitted Lessee"** shall mean (a) a Bank One Affiliate or any bank or financial institution which is a successor to Bank One, N.A. due to merger, consolidation, or purchase acquisition, (b) any significant nationally recognized company in its industry (whether said company is organized as a corporation or other type of business entity) which, upon application to DPD by Developer for consent, is duly authorized and licensed to do business in all states where it operates and pursuant to all laws which specifically govern its business; in determining whether or not to grant consent, which shall not be unreasonably withheld, the Commissioner of DPD shall give significant consideration to whether or not the company (i) creates new jobs or retains existing jobs in the City, or (ii) moves new jobs to the City, and (c) any other company which, upon application by the Developer to DPD for consent, is found to be acceptable as a lessee by the Commissioner of DPD acting in his or her sole and absolute discretion.

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

"Permitted Transfer" for the purpose of this Agreement shall mean any sale, conveyance or transfer to an Approved Purchaser.

"Plans and Specifications" shall mean the final construction documents containing a site plan and working drawings and specifications for the Project as the same may be modified or supplemented in accordance with this Agreement.

"Pledged Revenues" means Incremental Taxes and any other revenues from any source whatsoever designated to pay principal of, premium, if any, or interest on the Bonds, including, without limitation, amounts on deposit in and pledged to various funds and accounts (other than the Program Expenses Account and the Rebate Account) as provided in the Indenture, together with interest earnings thereon.

"Prior Expenditures" shall have the meaning set forth in Section 4.03(a) hereof.

"Program Expenses Account" shall mean the Program Expenses Account as created pursuant to and as defined in the Indenture.

"Project" shall have the meaning set forth in the Recitals hereof.

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

"Rebate Account" shall mean the Rebate Account as created pursuant to and as defined in the Indenture.

"Redevelopment Area" shall have the meaning set forth in the Recitals hereof.

"Redevelopment Plan" shall have the meaning set forth in the Recitals hereof.

"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.

"Refunding Bonds" shall mean Refunding Bonds as defined in the Indenture.

"Reimbursement Event" shall mean: (i) a material misrepresentation, fraudulent act or omission or misappropriation of funds by the Developer; (ii) any intentional or material waste to the Property or any portion thereof; (iii) use of City Funds for payment or reimbursement of amounts

other than the TIF-Funded Improvements identified on Exhibit H: (iv) a transfer of the Property by the Developer in violation of the terms of this Agreement (including any transfer of an ownership interest in any upper tier entity having an ownership interest in the Developer that has the practical effect of a transfer of the Property, or any refinancing at such level), except that this subsection shall not apply to any transfer of an ownership interest by or of Prime Group Realty Trust and/or Prime Group Realty, L.P.; (v) any material breach of Developer's representations, warranties or covenants regarding environmental matters contained in this Agreement; (vi) the occurrence of any material uninsured casualty event to the Project, unless the Project is restored within a reasonable period of time; (vii) the material misappropriation or misapplication of insurance proceeds or condemnation awards relating to the Property; (viii) any material misrepresentation in any Economic Disclosure Statements and Affidavits submitted by the Developer and its upper-tier owners; or (ix) any receipt of City Funds after the occurrence of an Event of Default under this Agreement, or the occurrence of an event which, if the Developer had given prompt notice of such event (such as, for example, notice of a failure to comply with MBE/WBE requirements) would have entitled the City to withhold the disbursement of such City Funds under this Agreement.

"Senior Lien Bonds" shall have the meaning set forth in Recital F of this Agreement.

"Series 1997B Bonds" shall have the meaning set forth in Recital F of this Agreement.

"Series 2000A Bonds" shall have the meaning set forth in Recital F of this Agreement.

"Series 2000B Bonds" shall have the meaning set forth in Recital F of this Agreement.

"Series 2000 Senior Lien Bonds" shall have the meaning set forth in Recital F of this Agreement.

"Subordinate Indenture" means that certain Trust Indenture dated as of October 1, 2000, as supplemented by the First Supplemental Indenture dated as of October 1, 2000 relating to the Subordinate Lien 2000A Bonds, each from the City to Cole Taylor Bank, as trustee.

"Subordinate Lien Series 2000A Bonds" shall have the meaning set forth in Recital F of this Agreement.

"Superior Lien Obligations" shall have the meaning set forth in Recital F of this Agreement.

"Survey" shall mean a plat of survey in the most recently revised form of ALTA/ACSM land title survey of the Property dated within 45 days prior to the Closing Date, acceptable in form and content to the City, prepared by a surveyor registered in the State of Illinois, certified to the City, and indicating whether the Property is in a flood hazard area as identified by the United States Federal Emergency Management Agency.

"Term Bonds" shall have the meaning set forth in Recital F of this Agreement.

"Term of the Agreement" shall mean the period of time commencing on the Closing Date and ending on the date in 2007 on which the Redevelopment Area is no longer in effect, or such later date (but in no event later than December 31, 2008) as may be elected by the City in accordance with the Act or such earlier termination of this Agreement as provided for herein.

"TIF 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.

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

"Title Company" shall mean Near North National Title Corporation, or such other reputable title company as may be acceptable to the City.

"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 Project, the Developer shall, pursuant to the Plans and Specifications (except for non-material deviations therefrom), complete the construction work described in the Plans and Specifications no later than April 1, 2003, subject to the provisions of Section 18.16. The parties acknowledge that the Developer has commenced construction of the Project.

3.02 Plans and Specifications. The Developer has delivered the Plans and Specifications to DPD, and DPD has approved same. After such initial approval, subsequent proposed changes to the Plans and Specifications shall be submitted to DPD as a Change Order to the extent required under Section 3.04 hereof and for such approval, if any, required under Section 3.04. All such 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 such City departments and other 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 Three Hundred Thirty Seven Million Two Hundred Thousand and No/100 Dollars (\$337,200,000). The Developer hereby certifies to the City that the Lender Financing and Equity described in Section 4.01 hereof, shall be sufficient to complete the Project as required by Section 3.01(a) above. To the extent required by Section 3.04, the Developer shall promptly deliver to DPD certified copies of any Change Orders with respect to the Project Budget and approval pursuant to Section 3.04.

3.04 Change Orders. Any Change Orders that (a) permanently, materially decrease the Project Budget (after giving effect to and the netting out of all Change Orders that permanently increase the Project Budget) by more than six percent (6%), (b) reduce the square footage of the "footprint" of the Building, (c) reduce the net rentable square footage of the commercial and retail space of the Building by more than five percent (5%), (d) relate to a change in the proposed use of the Property, or (e) subject to the provisions of Section 18.16, delay the completion of the Project beyond April 1, 2003, must be submitted by the Developer to DPD for DPD's prior written approval. DPD shall use reasonable efforts to approve or disapprove such proposed Change Order within ten (10) business days' of its receipt of such proposed Change Order. The Developer shall not authorize or permit the performance of any work relating to a Change Order described in the preceding clauses (b), (c) or (d) or the furnishing of materials in connection therewith prior to the receipt of DPD's written approval. 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 payable pursuant to this Agreement or provide any other additional financial assistance. An approved Change Order that permanently reduces the Project Budget by more than six percent (6%) (after giving effect to and the netting out of all Change Orders that permanently increase the Project Budget), shall result in a reduction in City Funds payable to the Developer in accordance with Section 4.02. DPD shall be notified in writing of all other Change Orders as part of the progress reports submitted by the Developer pursuant to Section 3.07.

3.05. DPD Approval. Any approval granted by DPD of the Plans and Specifications and any 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 any portion of the Property or any portion of the Project.

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 it has obtained all necessary permits and approvals and proof of bonding with respect to any work in the public way.

**3.07 Progress Reports and Draw Request Documents.** (a) The Developer shall provide DPD with written quarterly progress reports setting forth in reasonable detail the status of the Project. The Developer shall also provide DPD with copies of all draw request documents delivered to the lender providing the Lender Financing and the escrow agent administering the construction escrow.

(b) **Inspecting Engineer.** With respect to the Project, the inspecting engineer for the lender providing the Lender Financing shall serve as the inspecting architect for the City. Such inspecting engineer shall perform periodic inspections with respect to the Project and provide certifications with respect thereto to DPD on AIA Form 702 or such other form of certificate as may be acceptable to the City. The Developer shall pay any amounts payable to such inspecting engineer for its services under this **Section 3.07(b).**

**3.08 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. DPD has approved all barricades installed prior to the date of this Agreement.

**3.09 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 construction of the Project, indicating that financing has been provided in part 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; provided, however, that the City will not include the names of any lenders providing the Lender Financing without the consent of such lenders. After its initial approval of the signage disclosed in the Plans and Specifications, DPD retains the right to approve any material changes in the maintenance, appearance, color scheme, painting, nature, type, content and design of all signage on the Building.

**3.10 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 it first complies with all City requirements governing such connections, including the payment of customary fees and costs related thereto.

**3.11 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 not less than Three Hundred Thirty Seven Million Two Hundred Thousand and No/100 Dollars (\$337,200,000) 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>Section 4.04</u> )	\$ 60,000,000
Lender Financing	\$277,200,000
 ESTIMATED TOTAL	 \$337,200,000

The Developer may, in its sole discretion: (a) increase the amount of Equity and decrease the amount of Lender Financing and/or (b) increase the amount of Lender Financing so long as, in any case, Equity is at least ten percent (10%) of the Project Budget.

### 4.02 City Funds.

(a) Uses of City Funds. City Funds may be used to reimburse the Developer for costs of TIF-Funded Improvements only that constitute Redevelopment Project Costs relating to the Project. Exhibit H sets forth, by line item, the TIF-Funded Improvements and the maximum amount of costs that may be paid by or reimbursed from City Funds for each line item therein, 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 and Amount of City Funds. (i) Subject to the terms and conditions of this Agreement, including but not limited to this Section 4.02, Section 5 and Section 8.05 hereof, as applicable, the City hereby agrees to utilize City funds from the sources and in the amounts described directly below (the "City Funds") to reimburse the Developer for the costs of TIF-Funded Improvements by making payments of principal and interest on the Developer Note:

#### PROJECT

<u>Source of City Funds</u>	<u>Maximum Amount of Principal</u>
Available Incremental Taxes	\$10,000,000

provided, however, that notwithstanding the above, the maximum principal amount of the Developer Note is dependent upon the amount of actual Project costs and the amount of leasable commercial and retail space in the Project as provided below:

(ii) Project Costs: So long as the actual total Project costs are at least ninety-four percent (94%) of the estimated Project Budget amount set forth in Section 4.01, the maximum principal

amount of the Developer Note shall be Ten Million and No/100 Dollars (\$10,000,000). If the actual total Project costs are less than ninety-four percent (94%) of the estimated Project Budget amount set forth in Section 4.01, the maximum principal amount of the Developer Note shall be an amount not to exceed the lesser of Ten Million and No/100 Dollars (\$10,000,000) or 2.97 percent (2.97%) of the actual Project costs. Furthermore, if the maximum principal amount of the Developer Note is adjusted as provided in the previous sentence, the interest that has accrued on the Developer Note from the Closing Date to the date that the Certificate is issued shall be recalculated based upon such adjusted maximum principal amount.

(iii) Leasable Commercial and Retail Space: The maximum principal amount of the Developer Note shall be an amount not to exceed \$10,000,000 if at the time the Certificate is issued, the Project consists of at least 1.45 million square feet of leasable office and retail space (the "Targeted Leasable Space"). In lieu of the potential reduction of the principal amount of the Developer Note provided for in subsection (ii) above, if the amount of actual leasable space in the Project on the date the Certificate is issued is less than the Targeted Leasable Space, the maximum principal amount of the Developer Note shall be decreased by \$6.25 for each square foot of leasable space of the Project that is less than the Targeted Leasable Space. Furthermore, if the maximum principal amount of the Developer Note is adjusted as provided in the previous sentence, the interest that has accrued on the Developer Note from the Closing Date to the date that the Certificate is issued shall be recalculated based upon such adjusted maximum principal amount. In the event that the maximum principal amount of the Developer Note is subject to adjustment pursuant to both this subparagraph (iii) and subparagraph (ii) above, the maximum principal amount of the Developer Note shall be adjusted pursuant to this subparagraph (iii) only.

(iv) Subject to the terms and conditions of this Agreement, including but not limited to this Sections 4.02, and Sections 5 and 8.05 hereof, the City hereby agrees to issue the Developer Note to the Developer on the Closing Date. The initial principal amount of the Developer Note shall be in an amount equal to the costs of the TIF-Funded Improvements that the City has certified as of such date attributable to the Project which have been incurred by the Developer as of the Closing Date and are to be reimbursed by the City through payments of principal and interest on the Developer Note.

(v) Payments under the Developer Note shall be made only from Available Incremental Taxes generated in the year prior to the January 1 payment date. In any given year, if Excess Incremental Taxes are greater than the Incremental Taxes generated by the Project (as calculated in the manner set forth in the definition of Available Incremental Taxes), the Developer shall receive no more than the Available Incremental Taxes for that year. The City may, in its sole discretion, make payments of principal and interest on the Developer Note from sources other than Available Incremental Taxes.

(c) Prior to the City's initial obligation to make any payment with respect to the Developer Note, the following conditions precedent shall have been satisfied:



- (i) the City shall have issued the Certificate:
- (ii) the City shall have determined that the Developer has satisfied the MBE/WBE requirements applicable to the Project as set forth in Section 10.03 hereof:
- (iii) the City shall have determined that the Developer has satisfied the City resident hiring and prevailing wage requirements applicable to the Project (as set forth in Sections 10.02 and 8.09 hereof, respectively). or, if the City determines that such requirements were not satisfied, the City shall have been paid all amounts due under Section 10.02:
- (iv) Bank One, a Bank One Affiliate or a Permitted Lessee shall have commenced operations at the Building and shall occupy at least 300,000 square feet of leased space; and
- (v) the Developer shall have provided the City with current title, survey, due diligence search and insurance evidence consistent with the requirements of Sections 5.05, 5.06, 5.07 and 5.08 (except the Survey shall be an "as-built" survey of the Building and Property).

#### 4.03 Treatment of Prior Expenditures.

(a) Prior Expenditures. Only those expenditures made by or covering work done and payable by the Developer 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, Lender Financing or TIF-Funded Improvements hereunder (the "Prior Expenditures"). Exhibit J hereto sets forth the prior expenditures and payables by the Developer approved by DPD as Prior Expenditures to the date hereof. Prior Expenditures made for items other than TIF-Funded Improvements shall not be reimbursed from City Funds. Expenditures made after the Closing Date arising from contracts entered into prior to the Closing Date may be reimbursed in accordance with Section 4.02.

(b) City Fee. The City shall not take any fee in excess of the fee which is permitted by the Indenture or the Subordinate Indenture.

(c) Allocation Among Line Items. Disbursements for expenditures related to TIF-Funded Improvements may be allocated to and charged against the appropriate line item only, with transfers of costs and expenses from one line item to another, without the prior written consent of DPD, being prohibited; provided, however, that such transfers among line items, in an amount not to exceed \$25,000 or \$100,000 in the aggregate, may be made without the prior written consent of DPD.

4.04 Cost Overruns. If the aggregate cost of the TIF-Funded Improvements exceeds City Funds available pursuant to Section 4.02 hereof or if the cost of completing the Project exceeds the Project Budget, the Developer shall be solely responsible for such excess costs, relating to their respective portions of the Project, and shall hold the City harmless from any and all costs and

expenses of completing the TIF-Funded Improvements in excess of City Funds available to such party.

## SECTION 5. CONDITIONS PRECEDENT

The conditions precedent in Sections 5.01 through Section 5.16 below shall be complied with to the City's satisfaction within the time periods set forth below or, if no time period is specified, not less than five (5) business days prior to the Closing Date. The Commissioner's execution and delivery of this Agreement shall be deemed to be a satisfaction of DPD's approval of all such conditions precedent.

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

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

5.03 Other Governmental Approvals. The Developer shall have secured all other necessary approvals and permits required as of the Closing Date by any state, federal, or local statute, ordinance or regulation and shall submit evidence thereof to DPD.

5.04 Financing. The Developer shall have furnished proof reasonably acceptable to the City of 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. The Developer shall have furnished proof that the proceeds of the Lender Financing are available to be drawn upon by the Developer as needed (subject to the terms and conditions of the documents governing the Lender Financing) and are sufficient (along with the Equity) to complete the Project. Any liens against the Property in existence at the Closing Date shall be subordinated to the covenants that run with the land specified in Section 7.02 pursuant to a Subordination Agreement in a form acceptable to the City executed and recorded on or prior to the Closing Date.

5.05 Title. The Developer shall furnish the City with a copy of its Title Policy for the Property, dated down as of a date within thirty (30) days of the Closing Date (with a subsequent date-down to occur on the Closing Date), certified by the Title Company, showing the Developer as the named insured. The Title Policy shall contain only those title exceptions listed as Permitted Liens on Exhibit F 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 may be reasonably required by Corporation Counsel. The Developer shall provide to DPD, prior to the Closing Date, documentation related to the purchase of the Property and correct and complete copies of all easements and encumbrances of record with respect to the Property.

5.06 Evidence of Clean Title. The Developer, at its own expense, shall have provided the City with current searches under the name of the Developer and the names of the Developer's members 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, judgments, bankruptcy proceedings
Clerk of Circuit Court, Cook County	Pending suits, judgments, bankruptcy proceedings

showing no liens against the Developer, the Property or any fixtures now affixed thereto, except for the Permitted Liens, nor any other unacceptable matters.

5.07 Surveys. The Developer shall have furnished the City with three (3) copies of the Survey.

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

5.09 Opinions of Counsel. On the Closing Date, the Developer shall furnish the City with an opinion of counsel, substantially in the form attached hereto as Exhibit K, with such changes as may be required by or acceptable to Corporation Counsel.

5.10 Evidence of Prior Expenditures. The Developer shall have provided evidence satisfactory to DPD, in its sole discretion, of any Prior Expenditures in accordance with the provisions of Section 4.03(a) hereof.

5.11 Financial Statements. The Developer shall have provided Financial Statements to DPD for its 2000 fiscal year, and unaudited interim financial statements for 2001.

5.12 Documentation. The Developer shall have provided evidence satisfactory to DPD, in its sole discretion, with respect to its ability to satisfy MBE/WBE and City resident employment standards. Such documentation shall include, without limitation, an MBE/WBE utilization plan, including Schedules C and D, and evidence of the General Contractor's having met with, and having provided bid documents to, applicable MBE/WBE contractors and subcontractors.

5.13 Environmental. The Developer shall have provided DPD with copies of any phase I and phase II environmental audits and any other environmental assessments or remediation reports completed with respect to the Property. The Developer shall provide the City with a letter from the environmental engineer(s) who completed such audit(s), authorizing the City to rely on such audits.

5.14 Corporate Documents. The Developer shall have provided DPD with copies of its Certificate of Formation containing the original certification of the Secretary of State of Delaware; certificates of good standing or existence from the Secretary of State of Delaware and the Secretary of State of Illinois; certified copies of its operating agreement; a managing member's certificate in such form and substance as the Corporation Counsel may require; member consents evidencing consent to the execution of this Agreement; Economic Disclosure Statements that have been certified as of the Closing Date; and such other organizational and authority documentation as the City may request with respect to the Developer and its members.

5.15 Litigation. The Developer shall provide to Corporation Counsel and DPD a description of all pending or threatened material litigation or administrative proceedings involving the Developer, Prime/Beitler Development Company L.L.C., Penny Beitler L.L.C. or Prime Group Realty L.P. which involve property located in the City, or to which the City is a party, or involving the payment of franchise, income, sales or other taxes to the State of Illinois or City. In each case, the description shall specify 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 Bank One Lease. The Developer shall provide a copy of the Bank One lease, as amended, for the Building and any related or ancillary agreements thereto (other than routine correspondence related to construction schedules or immaterial changes to the design and finish of the space being leased to Bank One).

## SECTION 6. AGREEMENTS WITH CONTRACTORS

6.01 Bid Requirement for General Contractor and Subcontractors. (a) The City hereby approves the Developer's retention of the General Contractor. Except as set forth in Section 6.01(b) below, prior to entering into an agreement with any subcontractor for construction of any portion of the Project, the Developer shall solicit, or shall cause the General Contractor to solicit, bids from qualified subcontractors, and, except for subcontracts entered into prior to the execution of this Agreement, shall submit a schedule of all bids received to DPD for its inspection and, upon DPD's request, the actual bids. (i) For the TIF-Funded Improvements, the Developer shall cause the General Contractor to select the subcontractor submitting the lowest responsive and responsible bid who can complete the Project in a timely manner, as reasonably determined by the Developer, taking into consideration the Developer's obligations under Sections 10.02 and 10.03 of this Agreement. If the subcontractor who submits such bid for the TIF-Funded Improvements is not selected, the difference between such bid and the bid selected may not be paid out of City Funds. (ii) For Project

work other than the TIF-Funded Improvements, if the General Contractor selects any subcontractor who has not submitted the lowest responsible bid, the difference between the lowest responsible bid and the higher bid selected shall be subtracted from the actual total Project costs for purposes of the calculation of the amount of City Funds to be contributed to the Project pursuant to Section 4.02(b) hereof as the City's sole and exclusive remedy pursuant to this subsection (ii). Photocopies of all subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD upon DPD's request. The Developer agrees that the General Contractor shall not (and shall cause such General Contractor to agree that the subcontractors shall not) begin work on the Project until the Plans and Specifications have been approved by DPD and all requisite permits and approvals have been obtained, unless otherwise agreed to in writing by the Department of Buildings, except for work that has already commenced.

(b) The fee for the General Contractor shall be limited to an amount not to exceed 10% of the total amount of the Construction Contract.

6.02 Construction Contracts. The Developer has delivered to DPD, and DPD has approved, a certified copy of the Construction Contract. The Developer shall deliver to DPD and Corporation Counsel copies of any modifications, amendments or supplements thereto within five (5) business days after execution of such changes.

6.03 Performance and Payment Bonds. Prior to commencement of construction, the Developer shall require that, with respect to any work in the public way or other work for which a bond or letter of credit is required under the Municipal Code, the General Contractor and any applicable subcontractors be bonded for their respective payment and performance (if any) by sureties having an AA rating or better using the form attached hereto as Exhibit I or its equivalent. The Developer shall also require that all contractors provide payment and performance bonds for such work that is in the public way. The City shall be named as obligee or co-obligee on such bonds.

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. Photocopies of all contracts or subcontracts to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) business days after the execution thereof.

## SECTION 7. COMPLETION OF CONSTRUCTION OR REHABILITATION

7.01 Certificate of Completion of Construction or Rehabilitation. After (a) substantial completion of the construction of the Project (evidenced by DPD's receipt of a certificate of substantial completion set forth on the most recent Form used by the American Institute of Architects issued and certified by DeStefano & Partners, unless DPD approves otherwise) in accordance with the terms of this Agreement, (b) Developer initially satisfies the minimum leasing and occupancy covenants set forth in Section 8.20(b) hereof, and (c) at the written request of the Developer, DPD shall issue to the Developer a Certificate in recordable form certifying that the Developer has fulfilled its obligation to complete the construction of the Project in accordance with the terms of this Agreement. DPD shall respond to a written request for a Certificate within thirty (30) days by issuing either a Certificate or a written statement detailing the ways in which Project has not been satisfactorily completed and the measures which must be taken in order to obtain the Certificate. The Developer may resubmit a written request for a Certificate upon completion of such measures.

7.02 Effect of Issuance of Certificate. The Certificate relates only to the construction of the Project and will state that the terms of the Agreement specifically related to the performance of such construction work have been satisfied.

After the issuance of a Certificate, however, all executory terms and conditions of this Agreement relating to the Developer and all representations, warranties and covenants of the Developer contained herein and unrelated to such construction work will continue to remain in full force and effect through the Term of the Agreement, or such other period as may be expressly provided for. The issuance of the 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 and 8.20 shall be covenants that run with the land and shall be binding upon any transferee of the Property to the same extent such covenants are or may be binding on the Developer through the Term of the Agreement, or such shorter period as may be expressly provided for in such Sections, notwithstanding the issuance of a Certificate; provided, that upon the issuance of a Certificate, the covenants set forth in Section 8.02 shall be deemed to have been fulfilled. The other executory terms of this Agreement that remain after the issuance of a Certificate to be performed by the Developer shall be binding only upon the Developer, and any successor in interest to the Developer's rights and obligations under this Agreement. Covenants that run with the land will expire at the end of the Term of this Agreement.

7.03 Failure to Complete. If the Developer fails to complete the Project or permits an unpermitted lien to exist and such lien is foreclosed or otherwise enforced in such a manner as to terminate the encumbrance of this Agreement or lessen the priority thereof, then the City shall have any of the following cumulatively as its sole and exclusive rights and remedies, severally exercisable against the Developer:

(a) the right to terminate the Developer's right to any further City Funds or other benefits under this Agreement and to cease all disbursement of City Funds not yet disbursed pursuant hereto;

(b) the right (but not the obligation) to complete any unfinished public improvement work included in the TIF-Funded Improvements, if any, and to pay for such costs of completion (including interest costs) out of City Funds or other City monies, in which case the Developer shall reimburse the City for all reasonable costs and expenses incurred by the City in completing such public improvement work; and

(c) the right to seek reimbursement of any City Funds previously paid to the Developer. In exercising its rights under this Section 7.03, the City shall be entitled to rely on an opinion of counsel that such reimbursement will not jeopardize the tax-exempt status of any of the Bonds.

**7.04 Notice of Expiration of Term of Agreement.** Upon the expiration of the Term of the Agreement, DPD shall provide the Developer, upon 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 that as of the date of this Agreement and (except as to those fully performed representations, warranties and covenants that terminate upon the City's issuance of a Certificate) during the Term of the Agreement, or such shorter period as may be expressly provided for below:

(a) the Developer is a Delaware limited liability company duly organized, validly existing, qualified to do business in its state of organization and 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 limited liability company action, and does not violate the Certificate of Formation or operating agreement of the Developer, as the same may be amended and supplemented, nor any applicable provision of law, nor does it 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 or, if so required, such consent has been obtained;

(d) during the portion of the term of this Agreement prior to the issuance of the Certificate, and subject to Permitted Transfers, the Developer 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 explicitly 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 and shall remain solvent and able to pay its debts as they mature:

(f) as of the date hereof, 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 and during the Term of this Agreement the Developer will provide the City with notice of any such actions or proceedings described in this subparagraph (f);

(g) the Developer has obtained (or will, prior to the commencement of construction or the time by which the same are required obtain) 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 (beyond any applicable notice, grace or cure period) 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 it or the Property is bound, or, if such default has occurred, it has not been waived;

(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 the Developer, and there has been no material adverse change in the assets, liabilities, results of operations or financial condition of the Developer since the date of the Developer's most recent Financial Statements;

(j) during the portion of the Term of this Agreement prior to the issuance of the Certificate, the Developer shall not do any of the following without giving prior written notice in the form of Exhibit L: (1) be a party to any merger, liquidation or consolidation; (2) refinance, sell, transfer, convey, lease (except in the ordinary course of business, but subject to the leasing requirements in Section 8.20) 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); (3) assume or guarantee the obligations of any other person or entity (except pursuant to the Developer's lease with Citadel Investment Group, L.L.C.) or (4) enter into any transaction that would cause a material and detrimental change to the Developer's financial condition. Any sales or transfers permitted under this Section 8.01(i) must be to an Approved Purchaser. Prior to the issuance of a Certificate, any sales or transfers not to an Approved Purchaser require the prior written consent of the City;

(k) the Developer has not incurred, and, during the portion of the Term of this Agreement 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 any liens being contested in accordance with Section 8.15(b); or 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 or any Affiliate of the Developer in violation of Chapter 2-156-120 of the Municipal Code of the City:

(m) if the Developer acquires actual knowledge of a default by Bank One under the Bank One lease that would entitle the landlord to deliver a notice of default thereunder, or the occurrence or existence of an event or condition which, with the giving of notice, or the lapse of time, or both, would constitute a default by Bank One under the Bank One Lease entitling such landlord to deliver such a written notice, the Developer will give prompt written notice of such circumstance to the City:

(n) if the Developer believes the landlord under the Bank One lease has defenses, counterclaims, liens or claims of offset or credit under the Bank One Lease or any other current claims against Bank One under the Bank One Lease that would entitle such landlord to exercise its remedies thereunder, the Developer will give prompt written notice of such circumstance to the City: and

(o) the Developer (i) shall not agree to a material amendment or revision of the Bank One lease, or an assignment or subletting of any portion of the Bank One premises, without giving prior written notice thereof to DPD, except in the event Bank One, a Bank One Affiliate or a Permitted Lessee shall occupy more than 300,000 square feet pursuant to the Bank One lease (or, in the case of a Permitted Lessee, pursuant to terms which do not materially differ from the Bank One lease), in which event Bank One, a Bank One Affiliate or a Permitted Lessee may assign or sublet the leased space in excess of 300,000 square feet pursuant to the Bank One lease terms (or, in the case of a Permitted Lessee, pursuant to terms which do not materially differ from the Bank One lease), and (ii) shall comply or cause the landlord under the Bank One lease to comply with the landlord's obligations under the Bank One lease at all times.

**8.02 Covenant to Redevelop.** Upon DPD's approval of the Plans and Specifications and the Project Budget, 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 TIF Bond Ordinance, the Plans and Specifications, the 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 the Developer. The covenants set forth in this Section 8.02 shall run with the land and be binding upon any transferee of any portion of the Property but shall terminate (i) upon the City's issuance of a Certificate for the Project or (ii) if the City receives any funds pursuant to Section 7.03(c) of this 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 as in effect on the date hereof.

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 or the Redevelopment Area; provided, however, that any such amendments shall not have a material adverse effect on the Developer or the Project. The Developer shall, at its expense, cooperate and provide reasonable assistance in connection with the marketing of any such additional bonds, including but not limited to providing written descriptions of the Project, making representations and warranties and providing information and assisting the City in preparing an offering statement with respect thereto.

8.06 Job Creation and Retention; Covenant to Remain in the City. The Developer shall use commercially reasonable efforts to cause to be retained and/or created (either directly or through lessees) not less than three thousand six hundred (3,600) full-time equivalent permanent jobs at the Building by one year after the issuance of the Certificate and thereafter maintain or cause to be maintained such number of jobs through the Term of the Agreement.

8.07 Employment Opportunity. The Developer covenants and agrees to abide by, and contractually obligate and use reasonable efforts to cause the General Contractor and each of its subcontractors to abide by the terms set forth in Section 10 hereof. Until a Certificate is issued, the Developer shall deliver to the City written, quarterly progress reports detailing compliance with the requirements of Sections 8.09, 10.02 and 10.03 of this Agreement. 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 and its subcontractors to submit, to DPD, from time to time, statements of their respective employment profiles 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 of its subcontractors to pay, the prevailing wage rate as ascertained by the Illinois Department of Labor (the "Department"), to all Project employees on construction items set forth in the Project Budget, except for elevator and demolition contracts. 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 contracts. 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 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, and except as explicitly disclosed in the Project Budget, neither the Developer nor

any Affiliate may receive, directly or indirectly, any payment for work done, services provided or materials supplied in connection with the Project. The Developer shall provide information with respect to any entity receiving, directly or indirectly, any such payment upon DPD's request, prior to any disbursement of City Funds or otherwise.

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. The Developer shall obtain and provide to DPD Financial Statements for the fiscal year ended December 31, 1999 and each year thereafter through the Term of the Agreement. In addition, the Developer 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 applicable 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) 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, or the preservation of the encumbrance of this Agreement, 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 promptly notify DPD of any and all events or actions which may materially affect its 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.** 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 against the Property promptly after the date hereof in the conveyance and real property records of the Cook County along with the subordination agreement described in Section 5.04. 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 any Governmental Charges (as defined below) which are or may be assessed or imposed upon the Developer, the Property or the Project, or become due and payable, and which create, may create or purport 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 required by law and provided in this Agreement unless the Developer has given prior written notice to DPD of their intent to contest or object to a Governmental Charge and, unless, at DPD's sole option,

(A) 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

(B) 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 or prevent the imposition of such lien 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 reimbursed to DPD by the Developer. Notwithstanding anything 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 Leasing Provisions.

(a) Commercial/Retail Tenant Approval. The Developer shall be entitled to lease office space in the Building without DPD's approval. The Developer shall obtain the DPD's prior written approval, which shall not be unreasonably withheld or delayed, prior to leasing the space to retail tenants in the Building. DPD has previously approved the lease of retail/commercial space to CVS (provided that such tenant is not located on the South State Street frontage), Walgreens (provided that such tenant is not located on the South State Street frontage), H&M, Staples, Office Max, Office Depot, Dunkin Donuts, Crate & Barrell, Bally's, Marshall's, Starbucks, Caribou Coffee, Krispy Kreme, Florsheim, Chipolte, Cozi, Trader Joe's, Bank One and Bank One Affiliates (only for first class retail financial operations now typically offered by large commercial banks in their downtown Chicago branches including, without limitation, customer service, tellers, personal bankers and loan approval. In no event shall such retail financial operations include 'pay day' loan centers, tele-marketing phone banks or similar operations).

(b) Dark Days Covenant. On and after the issuance of the Certificate, and through the Fifth Anniversary Date, (i) the Developer shall at all times have at least fifty percent (50%) of the net rentable square footage of the Building leased, and (ii) Bank One, a Bank One Affiliate or a Permitted Lessee shall be occupying at least 300,000 square feet pursuant to the terms of the Bank One lease (or if applicable in the case of a Permitted Lessee, pursuant to the terms of a lease with the Permitted Lessee). The Developer agrees that it shall act in good faith and, among other things, shall not enter into leases for less than a year as a condition of the leasing covenant.

(c) The covenants in this Section 8.20 shall bind any transferee.

8.21 Public Benefit. Developer will provide a copy of Exhibit M.

8.22 No Business Relationship With City Official. No elected official, as defined in Section 2-156-030(b) of the Municipal Code, shall, acting at the direction of such official, to contact, or attempt to contact, any person or employee with respect to any matter involving a "Business Relationship" (as defined in Section 2-156-030(b)) in any discussion of 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 with any person acting at the direction of such official, with respect to this Agreement, or in connection with the transactions contemplated hereby, shall be grounds for termination of this Agreement and the transactions contemplated hereby. The Developer represents and warrants that no violation of Section 2-156-030(b) has occurred with respect to this Agreement, or the transactions contemplated thereby.

*Handwritten notes:*  
- DC retail approval  
- Old Navy  
- Sears  
- Maynard

8.23 Bank One Lease Representations and Warranties. The Developer represents and warrants, as of the date hereof, and during the time period through the Fifth Anniversary Date, or such shorter period as may be expressly provided for below, as follows:

(a) the Bank One lease is valid, binding and in full force and effect, subject to the rights of the Developer and Bank One to terminate such Bank One lease pursuant to the terms thereof;

(b) other than the Bank One lease, as amended (including any amendments subsequent to the date hereof allowed pursuant to the terms of this Agreement of which the City is to receive notice), and any related or ancillary agreements thereto, there are no agreements (written or oral) between the Developer and Bank One which are binding on the parties in connection with the Bank One premises;

(c) as of the date hereof only, the landlord is not in default, and to the Developer's actual knowledge, Bank One is not in default under any provision of the Bank One lease, and no event has occurred and no condition exists which, with the giving of notice, or the lapse of time, or both, would constitute a default by the landlord or Bank One under the Bank One lease;

(d) as of the date hereof only, the Developer has no current defenses, counterclaims, liens or claims of offset or credit under the Bank One lease nor any other current claims against Bank One under the Bank One lease; and

(e) the landlord under the Bank One lease has performed all of its obligations under the Bank One lease that are required as of the date of this Agreement or such performance has not been required or has been waived by Bank One.

8.24 Job Readiness Program. The Developer and its major retail tenants shall undertake a job readiness program, as described in Exhibit M hereto, to work with the City, through the Mayor's Office of Workforce Development, to participate in job training programs to provide job applicants for the jobs created by the Project and the operation of the Developer's business on the Property.

8.25 Annual Report. On an annual basis, the Developer shall submit a report summarizing the estimated employment, leasing and occupancy levels at the Building during the prior 12 month period, in form and substance satisfactory to DPD.

8.26 Survival of Covenants. All warranties, representations, covenants and agreements of the Developer contained in this Section 8 and elsewhere in this Agreement shall survive the execution, delivery and acceptance hereof by the parties hereto and (except as terminated pursuant to Section 7.02 upon the issuance of a Certificate) shall be in effect through the Term of the Agreement, or such shorter period as may be expressly provided for herein.

## **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 Employer'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 Chief Procurement Officer 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 personnel 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 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 Chief Procurement Officer, 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 Chief Procurement Officer) 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, as the City's sole and exclusive remedy 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 (or at the City's sole option, offset against payments made by the City under the City Note) 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 Chief Procurement Officer'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 its General Contractor to agree that, during the construction of 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 construction of the Project, at least the following percentages of the MBE/WBE Project Budget attached as Exhibit G-2 (as these budgeted amounts may be reduced to reflect decreased actual costs), 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. Until a Certificate is issued, the Developer shall deliver quarterly reports to DPD 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. The Developer and the General Contractor shall be required to meet with the monitoring staff of DPD regarding the Developer's compliance with its obligations under this Section 10.03. During this meeting, the Developer shall demonstrate to DPD its plan to achieve its obligations under this Section 10.03, the sufficiency of which shall be approved by DPD. During the Project, the Developer shall submit the documentation required by this Section 10.03 to the monitoring staff of DPD, including the following: (i) subcontractor's activity report; (ii) contractor's certification concerning labor standards and prevailing wage requirements; (iii) contractor letter of understanding; (iv) monthly utilization report; (v) authorization for payroll agent; (vi) certified payroll; (vii) evidence that MBE/WBE contractor associations have been informed of the Project via written notice and hearings; and (viii) evidence of compliance with job creation/ job retention requirements. 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) withhold any further payment of any City Funds to the Developer or the General Contractor or (2) seek any other remedies against the Developer available under this Agreement.

## SECTION 11. ENVIRONMENTAL MATTERS

The Developer represents and warrants to the City that it has conducted environmental studies sufficient to conclude that its portion of the Project may be constructed, completed and operated in accordance with all Environmental Laws and this Agreement and all Exhibits attached hereto, the Plans and Specifications and all amendments thereto, the TIF 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 all or any portion of the Property, 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 (or the expense of such other party as may be required to maintain such insurance) through the Term of the Agreement, the insurance coverages and requirements specified below, insuring all operations related to, in the case of Developer, the Building and the Property.

### (a) After 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 \$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) During 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; provided, however, that such limit shall only be \$1,000,000 in the case of any subcontractors whose subcontract amount is less than \$100,000). Coverages shall include the following: All premises and operations, products/completed operations (for a minimum of two (2) years following issuance of the applicable Certificate), 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 General 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 basis.

(iv) Railroad Protective Liability Insurance

When any work is to be done adjacent to or on railroad or transit property, the General Contractor shall provide, or cause to be provided with respect to the operations that the applicable General 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 General Contractor undertakes any construction, including improvements, betterments, and/or repairs, the General 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) Term of the Agreement

- (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. The City of Chicago is to be named an additional insured on a primary, non-contributory basis.

- (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. The City of Chicago is to be named an additional insured on a primary, non-contributory basis.

(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 prior to the Closing Date. 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 suspend this Agreement as to the Developer until proper evidence of insurance is provided and, if such evidence is not provided within any applicable cure period, the right to terminate this Agreement as to the Developer.

The insurance shall provide for 30 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, under both property and liability policies. 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 this Agreement, 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 General Contractor, and all subcontractors to provide the insurance required herein or Developer may provide the coverages for the General Contractor, or subcontractors. All General Contractors and subcontractors shall be subject to the same requirements as the Developer unless otherwise specified herein.

If the Developer, the General Contractor or subcontractor desires additional coverages, the Developer, General 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 reasonably modify, delete, alter or change these requirements.

### SECTION 13. INDEMNIFICATION

13.01 General Indemnity. Developer agrees to indemnify, pay, defend and hold the City, and its elected and appointed officials, employees, agents and affiliates (individually an "Indemnitee," and collectively the "Indemnitees") 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 (and including without limitation, the reasonable fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnities shall be designated a party thereto), that may be imposed on, suffered, incurred by or asserted against the Indemnitees in any manner relating 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 work related to the Project; 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 the 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 hereto:

provided, however, that Developer shall have no obligation to an Indemnatee arising from the wanton or willful misconduct of that Indemnatee. 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 the 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 such portion of the Project. All such books, records and other documents, including but not limited to the loan statements, 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 office for inspection, copying, audit and examination by an authorized representative of the City, at the expense of the Developer. The Developer shall incorporate this right to inspect, copy, audit and examine all books and records into all contracts they enter into with respect to the Project.

14.02 Inspection Rights. Upon one (1) business days' notice and subject to the security requirements of tenants as stated in such tenants' leases, any authorized representative of the City shall have access to all portions of the Project and the Property during normal business hours through the Term of the Agreement.

#### **SECTION 15. DEFAULT AND REMEDIES**

15.01 Events of Default. The defaults and remedies in this Section 15 are in addition to those specified in Section 7.03. The occurrence of any one or more of the following events by the Developer, 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 under (i) this Agreement or (ii) any other material agreement related to the Project (within the applicable cure period for such agreement); however in the event of said other material agreements, if such failure would have a material, adverse effect on Developer's ability to perform its obligations under this 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 (within the applicable cure period for such agreement) if such failure would have a material adverse effect on the Developer's ability to perform its obligations under this Agreement;

(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 known, or reasonably should have been known, to be 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 for 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 final, non-appealable judgment or order against the Developer in an amount in excess of \$500,000 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 or waived within any applicable cure period or for which replacement financing is not consummated within any applicable cure period;

(i) the dissolution of the Developer; or

(j) the institution in any court of a criminal proceeding (other than a misdemeanor) against the Developer or any natural person who directly or indirectly owns a thirty percent (30%) beneficial interest in the Developer, which is not dismissed within thirty (30) days, or the indictment of the

Developer, Michael Reschke, J. Paul Beitler (or any replacement to their respective offices at their respective companies, in which event this subsection (j) shall not apply to Michael Reschke or J. Paul Beitler but only to such replacement) or any natural person who owns such a material interest in the Developer, for any crime (other than a misdemeanor).

15.02 Remedies. Upon the occurrence of an Event of Default, the City shall have the following as its sole and exclusive remedies depending on the nature of such Event of Default:

(a) For a failure to complete the Project by the date that is three months after the date specified in Section 3.01, as the same may be extended pursuant to Section 18.16, and without further notice or cure period, the City shall have the remedies in Sections 7.03:

(b) For a breach of the leasing requirements in Section 8.20(a) that is not cured within thirty (30) days of the Developer's receipt of written notice, the City shall have the right to terminate any further payments with respect to the Developer Note;

(c) For a breach of the leasing requirement in Section 8.20(b) that is not cured within one year of the date that any such leasing requirement is not satisfied, the City shall have the right to terminate any further payments with respect to the Developer Note; in addition, during the pendency of such one year cure period, the City shall not be required to make any payments with respect to the Developer Note (nor will interest accrue thereon), but shall hold in reserve any Available Incremental Taxes pending the outcome of such cure period;

(d) Should the Developer secure other financing after the Closing Date and prior to the issuance of a Certificate without providing the City with 30 days prior written notification thereof, then at the time of Project completion, the City at its sole option may cease payment of principal and interest on the Developer Note;

(e) For a breach of the prohibitions on transfers to entities other than Approved Purchasers in Section 8.01(i), the City at its sole option may cease payment of principal and interest on the Developer Note; and

(f) For a breach of any other representation, warranty, covenant or obligation of the Developer resulting in an Event of Default that is not cured within the cure period provided in Section 15.03, the City may terminate the Developer's rights under this Redevelopment Agreement and all related agreements entered into between the Developer and the City related to this Agreement and suspend or terminate any further disbursement of City Funds to the Developer. The City may also, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy provided for under this Agreement or at law or in equity, including but not limited to injunctive relief or the specific performance of the agreements contained herein, subject to the following limitations: (i) the City shall only be entitled to recover monetary damages if a Reimbursement Event has occurred, and only up to the amount of City Funds previously paid to the Developer; (ii) the City shall not be entitled to seek monetary damages with respect to or specific performance of the job retention/creation covenant in Section 8.06; (iii) the City's remedies

do not include a right of possession with respect to the Property; (iv) any judgment lien obtained by the City as described in clause (v) below with respect to the enforcement of its remedies shall not attach to an amount of Developer's assets which exceeds the amount of City Funds paid to the Developer; (v) the City's remedies do not include the right to foreclose the encumbrance created by this Redevelopment Agreement under any applicable Illinois law (it being understood, however, that this clause (v) does not limit the right of the City to obtain a judgment lien and, as a result of such lien, attach and cause the sale of the Developer's assets 60 days after the time such lien is final and enforceable under Illinois law, subject to the limitation in clause (iv) above); and (vi) if the City seeks the specific performance of any agreement, covenant, representation, warranty or obligation of the Developer contained herein, or obtains any mandatory injunction requiring the performance of any of such agreements, covenants, representations, warranties or obligations, the maximum costs to the Developer to specifically perform such agreements, covenants, representations, warranties or obligations shall not exceed, in the aggregate, the amount of City Funds paid to the Developer and the amount of such City Funds, to the extent the costs are so incurred by the Developer, shall reduce dollar for dollar the amount the City is otherwise entitled to recover under this Section 15.02(f).

**15.03 Curative Period.** In the event the Developer fails to perform a monetary covenant which it is required to perform under this Agreement, notwithstanding any other provision of this Agreement relating to breaches or defaults to the contrary, an Event of Default shall not be deemed to have occurred unless the Developer fails 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 fails to perform a non-monetary covenant which it is required to perform under this Agreement or breaches a representation or warranty, notwithstanding any other provision of this Agreement relating to breaches or defaults to the contrary (other than as described in Section 15.02 (a) - (e) above), an Event of Default shall not be deemed to have occurred unless the Developer fails 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.

**15.04 Obligations Apply Notwithstanding Default Under Bank One Lease.** A default by Bank One, as tenant under the Bank One lease, shall not (a) relieve the Developer from its obligations under this Agreement, or (b) constitute any defense, excuse of performance, release, discharge or similar form of equitable or other relief that would prevent or limit the City's enforcement of its remedies under this Agreement.

**15.05 Release.** Upon expiration of the Term of this Agreement and within sixty (60) days after a written request by the Developer, the City shall record an instrument sufficient to remove this Agreement and the liens created hereunder from the public records.

## **SECTION 16. MORTGAGING OF THE PROJECT**

Any and all mortgages or deeds of Developer in place as of the date hereof with respect to the Property or any portion thereof are listed on Exhibit F hereto and are referred to herein as the "Mortgage(s)." and the holder of any such Mortgage (or any affiliate or designee thereof) is referred to herein as a "Mortgagee." In the event that any Mortgagee succeeds to the Developer's interest in the Property or any portion thereof pursuant to the exercise of remedies under a Mortgage, whether by foreclosure or deed in lieu of foreclosure, such Mortgagee, if an Affiliate of the Developer, shall have the same obligations as the Developer hereunder. If such Mortgagee or subsequent transferee of Mortgagee is not an Affiliate of the Developer, and accepts an assignment of the Developer's interest hereunder in accordance with Section 18.14 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. In connection with such an assignment, the City, at the request of the Developer, will state in writing whether or not it has issued a notice of default to the Developer hereunder. If such Mortgagee or subsequent transferee of Mortgagee does not accept an assignment of the Developer's interest under Section 18.14, such party shall be bound only covenants specified in Section 7.02 that run with the land.

#### 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 Fax: (312)744-2271
With Copies To:	City of Chicago Department of Law Finance and Economic Development Division 121 North LaSalle Street, Room 600 Chicago, IL 60602 Fax: (312) 744-8538
If to the Developer:	Dearborn Center, L.L.C. c/o J. Paul Beitler Development Co. One North LaSalle, Suite 2850 Chicago, Illinois 60602

Attn: J. Paul Beitler  
Fax: (312) 899-8050

With Copies To:

Prime Group Realty L.P.  
77 West Wacker. Suite 4200  
Chicago, Illinois 60601  
Attn: James F. Hoffman  
Fax: (312)917-1684

and

Robert S. Markin  
Alzheimer & Gray  
10 South Wacker Drive  
Chicago, Illinois 60606  
Fax: (312) 715-4800

In addition, if the parties seek an amendment to this Agreement pursuant to Section 18.01, then notice 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:

Bayerische Hypo-und Vereinsbank AG, New York Branch  
150 East 42<sup>nd</sup> Street  
New York, New York 10017-4679  
Attention: Real Estate Lending

and

Shearman & Sterling  
599 Lexington Avenue  
New York, New York 10022  
Attention: John L. Opar, Esq (766/44)

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 business 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 without the prior written consent of the City and the party or parties' to be bound by such amendment, provided, however, that the City shall have the unilateral right to amend Exhibits A and C.

18.02 Entire Agreement. This Agreement (including each Exhibit attached hereto, which is hereby incorporated herein by reference) 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, its Affiliates, or any successor in interest to such parties 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 or default under this Agreement shall not be considered or treated as a waiver of the rights of the respective party with respect to any other breach or default or with respect to any particular breach or 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 the TIF 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 Assignment. Except in connection with a sale or transfer by the Developer pursuant to Section 8.01(j) for which City consent is not required or a Permitted Transfer, 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, which shall be in the City's sole discretion. Notwithstanding anything in this Agreement to the contrary, the Developer may not assign, pledge or transfer the Developer Note without the prior written consent of the City to any entity other than the lender providing the Lender Financing or to an Approved Purchaser. 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 (and the representations, warranties and covenants related thereto) through the Term of the Agreement, or such other period as may be expressly provided for herein. Upon such successor's certification, the Developer shall be released from the performance of such executory terms (and the representations, warranties and covenants related thereto). The Developer consents to the City's sale, transfer, assignment or other disposal of this Agreement at any time in whole or in part.

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

18.16 Force Majeure. Neither the City nor the Developer nor any successor in interest to any of them shall be considered in breach of or in default of its obligations under this Agreement in the event of (a) 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, (b) a failure by the City to disburse City Funds or grant approvals or consents required hereunder in a prompt manner, or (c) a Force Majeure event, as defined in Section 10 of the Work Letter Agreement attached to the Bank One lease, and subject to compliance with the provisions of such Section 10. Any delay described in clauses (a), (b) or (c) shall result in a day-for-day extension of any obligations, deadlines or dates set forth in this Redevelopment Agreement that are directly

affected by such delay. 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.

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

18.18 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.

18.19 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.

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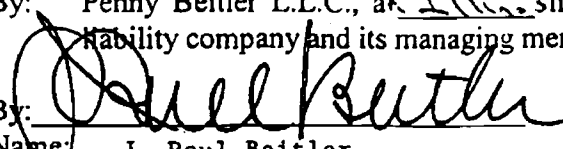
IN WITNESS WHEREOF, the parties hereto have caused this Redevelopment Agreement to be executed on or as of the day and year first above written.

Developer

DEARBORN CENTER, L.L.C., a Delaware limited liability company

By: Prime/Beitler Development Company, L.L.C., a Delaware limited liability company and its sole member

By: Penny Beitler L.L.C., an Illinois limited liability company and its managing member

By:   
Name: J. Paul Beitler  
Its: Managing Member

CITY

CITY OF CHICAGO, a municipal corporation, acting by and through its Department of Planning and Development

By: \_\_\_\_\_  
Alicia Mazur-Berg  
Commissioner

S:\FINANCE\Emilie folder\Dearborn Center\RA(Beitler)v.181.WPD

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.

Developer

DEARBORN CENTER, L.L.C., a Delaware limited liability company

By: Prime/Beitler Development Company, L.L.C., a Delaware limited liability company and its sole member

By: Penny Beitler L.L.C., an Illinois limited liability company and its managing member

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

CITY

CITY OF CHICAGO, a municipal corporation, acting by and through its Department of Planning and Development

By: Alicia Mazur Berg

Alicia Mazur Berg  
Commissioner

STATE OF ILLINOIS        )  
                                          ) ss  
COUNTY OF COOK        )

I, Kim Meisner, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that J. Paul Beitler personally known to me to be the Managing Member of Penny/Beitler L.L.C., a Illinois limited liability company and the managing member of Prime/Beitler Development Company, L.L.C., a Delaware limited liability company (the "Sole Member"), in its own capacity and in its capacity as the Sole Member of Dearborn Center, L.L.C. (the "Developer"), 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/he signed, sealed, and delivered said instrument, pursuant to the authority given to them by the Managing Member of the Sole Member, as her/his free and voluntary act and as the free and voluntary act of the Sole Member and the Developer, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 1st day of August, 2002.

Notary Public

Kim Meisner

My Commission Expires  
(SEAL)



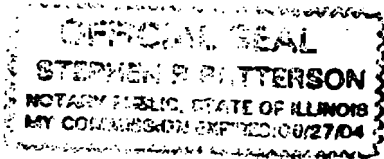
STATE OF ILLINOIS )  
 ) ss  
COUNTY OF COOK )

I, Stephen R. Patterson a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Alicia Mazur-Berg, 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 he signed, sealed, and delivered said instruments pursuant to the authority given to him by the City, as his free and voluntary act and as the free and voluntary acts of the City, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 26th day of June, 2002.

Stephen R. Patterson  
Notary Public

My Commission Expires 6/27/04



(SEAL)

Exhibit

**A**

## EXHIBIT A

### REDEVELOPMENT AREA LEGAL DESCRIPTION

#### *Legal Description Of North Loop Area.*

#### Redevelopment Project Area Legal Description.

A tract of land consisting of lots and blocks or parts thereof and streets and alleys of Blocks 16, 17, 35, 36, 37 and 58 in the Original Town of Chicago in the east part of the southeast quarter of Section 9, Township 39 North, Range 14 and part of Blocks 8 and 9 in the Fort Dearborn Addition to Chicago in the southwest fractional quarter of Section 10, Township 39 North, Range 14 East of the Third Principal Meridian, in the City of Chicago, County of Cook, State of Illinois and bounded as follows:

beginning at the intersection of the south line of West Lake Street and the west line of North LaSalle Street; thence north along the west line of North LaSalle Street to the north line extended west of West Haddock Place; thence east along said line to the west line of North Clark Street; thence north along said west line to the northerly line of West Wacker Drive as said northerly line was established by ordinance passed by the City Council of the City of Chicago on December 15, 1919; thence east along said northerly line of West Wacker Drive to the east line of North State Street; thence south along said east line to the north line of Haddock Place; thence east along said line to the east line of Lot 28 extended north of Block 8 in Fort Dearborn Addition to Chicago as aforesaid; thence south along the east line of Lot 28 as aforesaid to the north line of East Lake Street; thence east along said north line to the east line of Lot 10 extended north of Block 9 in Fort Dearborn Addition to Chicago as aforesaid; thence south along the east line of Lot 10 as aforesaid to the north line of East Benton Place; thence east along said north line to the east line of North Wabash Avenue; thence south along said line to the south line of East Randolph Street; thence west along said south line to the east line of North State Street; thence south along said east line to the south line extended east of Lot 1 of Assessor's Resubdivision of Lots 1 to 5 in Block 58 in Assessor's Division of the Original Town of Chicago as aforesaid; thence west along said extended line to the west line of said Lot 1; thence north along said line to the south line of West Washington Street; thence west along south line to the west line of North Dearborn Street; thence north along said west line to the south line of West Randolph Street; thence west along said south line to the west line of North Clark Street; thence north along said west line to the south line of West Lake Street; thence west along said south line to the place of beginning.



*Legal Description Of Added Area.*

The boundaries of the Added Project Area are legally described as follows:

Subarea 1.

A tract of land comprised of all or parts of Blocks 19, 20, 31, 32, 33, 40 and 41 in the Original Town of Chicago, together with parts of streets and alleys adjoining said blocks, in the south half of Section 9, Township 39 North, Range 14 East of the Third Principal Meridian, which tract is more particularly described as follows:

beginning at the intersection of the west line of North LaSalle Street, as widened, with the north line of Block 33; thence west along said north line (being also the south line of West Lake Street) to the west line of said block; thence south along said west line (being also the east line of North Wells Street) to the north line of West Couch Place; thence east along said north line to an intersection with the northward extension of the west line of Lot 7 in Block 33; thence south along said extension, and along said west line, to the south line of said block; thence east along said south line (being also the north line of West Randolph Street) and along the eastward extension of said south line, to an intersection with the northward extension of the west line of Block 39 in the Original Town of Chicago; thence south along said extension, and along said west line (being also the east line of North LaSalle Street) to an intersection with the eastward extension of the south line of West Court Place; thence west along said extension and along said south line to the west line of Block 40 aforesaid; thence west, crossing North Wells Street, to the northeast corner of Lot 8 in Block 41 aforesaid; thence west along the north line of said lot to an intersection with the southward extension of the west line of Lot 1 in said block; thence north along said extension and along said west line, to the north line of Block 41; thence west along said north line (being also the south line of West Randolph Street) to the northwest corner of said block; thence west, crossing North Franklin Street, to the northeast corner of Block 42 in the Original Town of Chicago; thence west along the north line of said Block 1 (being also the south line of West Randolph Street) to an intersection with the southward extension of the west line of the east 20 feet of Lot 7 in Block 31 aforesaid; thence north along said extension and along said west line, to the north line of West Couch Place; thence east along said north line to the east line of Block 31; thence north along said east line (being also the west line of North Franklin Street) and along the northward extension of said east line to an intersection with the westward extension of the south line of Block 20 aforesaid; thence east along said extension, and along said south line (being also the north line of West Lake Street) to the west line of North Post Place; thence north along said west line and along the northward extension thereof, to an intersection with the westward extension of the north line of West Haddock

Place; thence east along said extension and along said north line to the east line of Block 20; thence east, crossing North Wells Street, to the intersection of the west line of Block 19 aforesaid with the north line of West Haddock Place; thence east along said north line to an intersection with the west line of North LaSalle Street as widened; thence south along said west line to the south line of Block 19; thence south, crossing West Lake Street, to the point of beginning, in the City of Chicago, Cook County, Illinois.

#### Subarea 2.

A tract of land comprised of part of Block 58 and parts of adjacent streets and alleys in the Original Town of Chicago in Section 9, together with all or parts of Blocks 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14 and 15 and parts of adjacent streets and alleys in Fort Dearborn Addition to Chicago in Section 10, and all or parts of Blocks 1 through 10, inclusive, and parts of adjacent streets and alleys in Fractional Section 15 Addition to Chicago, and all or parts of Blocks 113, 114, 120, 122, 123, 124, 137, 138, 139, 140, 141 and 142 in School Section Addition to Chicago, all in Township 39 North, Range 14 East of the Third Principal Meridian, which tract of land is more particularly described as follows:

beginning at the northwest corner of Block 8 in Fort Dearborn Addition to Chicago in Section 10 aforesaid; thence east along the north line of said block (being also the south line of East Wacker Drive) to the northeast corner of Lot 6 in said block; thence south along the east line of said lot to the north line of East Haddock Place; thence west along said north line to an intersection with the northward extension of the east line of Lot 28 in Block 8; thence south along said extension, and along said east line, to the south line of said block; thence east along said south line (being also the north line of East Lake Street) to an intersection with the northward extension of the east line of Lot 10 in Block 9 of Fort Dearborn Addition to Chicago; thence south along said extension, and along said east line to the north line of East Benton Place; thence east along said north line, and along the eastward extension thereof, to an intersection with the northward extension of the west line of the south part of Block 10 in Fort Dearborn Addition to Chicago; thence south along said extension, and along said west line (being also the east line of North Wabash Avenue) and along the southward extension thereof, to an intersection with the eastward extension of the north line of Block 13 in said Fort Dearborn Addition; thence west along said extension to the northeast corner of said Block 13; thence south along the east line of said block (being also the west line of North Wabash Avenue) to the southeast corner of said block; thence west along the south line of said block (being also the north line of East Washington Street) to an intersection with the northward extension of the west line of Block 14 in Fort Dearborn Addition; thence south along said extension, and along said west line (being also the east line of North State Street) to an intersection with the eastward extension of the

south line of Lot 1 in Assessor's Resubdivision of Sublots 1 to 5 of Assessor's Division of Lots 1, 2, 3, 4 and 5 of Block 58 in the Original Town of Chicago aforesaid; thence west along said extension, crossing North State Street and entering Section 9 aforesaid, and continuing along said south line of said Lot 1, to the southwest corner of said lot; thence north along the west line of said lot to the north line of Block 58; thence west along said north line (being also the south line of West Washington Street) to the northwest corner of Lot 7 in Assessor's Division of Lots 1, 2, 3, 4 and 5 of Block 58; thence south along the west line of said lot to the north line of West Calhoun Place; thence west along said north line, and along the westward extension thereof, to an intersection with the northwest extension of the east line of the south part of Block 57 in the Original Town of Chicago aforesaid; thence south along said extension and along said east line (being also the west line of North Dearborn Street) and along the southward extension of said east line to the southeast corner of said Block 57; thence southward, crossing West Madison Street and entering Section 16, to the northeast corner of Block 119 in School Section Addition aforesaid; thence south along the east line of said block (being also the west line of South Dearborn Street) to an intersection with the westward extension of the north line of Lot 20 in the subdivision of Block 142 in said School Section Addition; thence east along said extension, and along said north line, to the northeast corner of said lot; thence south along the east line of Lots 20 through 27, inclusive, in said subdivision, and along the southward extension thereof, to an intersection with the north line of Block 141 in School Section Subdivision aforesaid; thence east along said north line (being also the south line of West Monroe Street) to the northwest corner of the east half of Lot 3 in said Block 141; thence south along the west line of the east half of said lot to the north line of West Marble (Hydraulic) Place; thence west along said north line, and the westward extension thereof, to an intersection with the northward extension of the east line of Lot 20 in County Clerk's Division of Block 120 in School Section Addition; thence south along said extension, and along said east line (being also the west line of South Dearborn Street) and along the southward extension of said east line, to an intersection with the westward extension of the north line of Block 140 in School Section Addition; thence east along said extension and along said north line (being also the south line of West Adams Street) to an intersection with the west line of the east 25 feet of Lot 5 in the subdivision of Blocks 83, 92 and 140 in School Section Addition; thence south along said west line to an intersection with the westward extension of the south line of the alley in the subdivision of Lots 3 and 4 in said Block 140; thence east along said extension and along said south line to an angle point; thence southeastwardly along a southwesterly line of said alley to an angle point; thence south along a west line of said alley and along the southward extension thereof, to an intersection with the north line of Lot 13 in the aforementioned subdivision of Blocks 83, 92 and 140; thence east along said north line (being also the south line of West Quincy Street) to the northeast corner of said Lot 13; thence south along the east line of said lot to the south line of Block 140; thence west along said south line (being also the north line of West Jackson Boulevard) and along the westward extension thereof, to an

intersection with the northward extension of the east line of Lots 1, 4, 8, 11, 14, 17, 20 and 23 in Wright's Subdivision of Block 122 in School Section Addition; thence south along said extension, and along said east line (being also the west line of South Federal Street) to the southeast corner of said Lot 23; thence west along the south line of said Lot 23 and the westward extension thereof, and also along the south line of Lot 22 in Wright's Subdivision (being also the north line of West Van Buren Street) to the southwest corner of said Lot 22; thence west, crossing South Clark Street, to the southeast corner of Lot 22 in the subdivision of Block 115 of School Section Addition aforesaid; thence west along the south line of said Lot 22 and Lot 23 (being also the north line of West Van Buren Street) to the southwest corner of said Lot 23; thence west, crossing South LaSalle Street, to the southeast corner of that part of said street vacated by ordinance passed February 29, 1980, and recorded August 12, 1980, as Document Number 25545766; thence south along the southward extension of the east line of said vacation to an intersection with the north line of Lot 3 in the subdivision of Block 114 of School Section Addition; thence east along said north line (being also the south line of West Van Buren Street) to the northeast corner of said lot; thence south along the east line of Lots 3, 4, 9, 10, 15, 16, 21 and 22 (being also the west line of South LaSalle Street) to the southeast corner of said Lot 22; thence south, crossing West Congress Parkway as said expressway is defined by the general ordinance passed October 31, 1940, to the intersection of the east line of Lot 6 in T. G. Wright's Subdivision of Block 113 in School Section Addition with the south line of said West Congress Parkway; thence east along said south line to an intersection with the east line of Lot 9 (said east line being also the west line of South Plymouth Court) in C. L. and I. Harmon's Subdivision of Block 137 in School Section Addition; thence north, crossing West Congress Parkway, to the intersection of the east line of Lot 24 in T. G. Wright's Subdivision of Block 138 in School Section Addition with the north line of said expressway; thence east along the north line of said West Congress Parkway, and along the north line of East Congress Parkway, entering into Section 15 aforesaid, to an intersection with the west line of Sublot 2 of Lot 10 in Canal Trustee's Subdivision of Block 10 of Fractional Section 15 Addition to Chicago; thence south along said west line to said north line of East Congress Parkway; thence east along said north line to the east line of South Michigan Avenue as widened; thence north along said widened line, entering Section 10 aforesaid, to an intersection with the north line of Block 6 in Fort Dearborn Addition aforesaid; thence east along said north line (being also the south line of East South Water Street) to an intersection with the southward extension of the east line of Lot 6 in Dyer's Subdivision of Lots 6, 7, 8, 9, 10 and 11 in Block 5 of Fort Dearborn Addition to Chicago; thence north along said extension, and along said east line, to the northeast corner of said lot; thence north, crossing a 20 foot wide alley, to a point on the south line of Lot 11 in Dyer's Subdivision which is 124.00 feet east of the southwest corner of said lot; thence north along a line 124.00 feet east from, and parallel with, the west line of aforementioned Block 5, to an intersection with the south line of Lot 5 in said block; thence north to a point on the north line of Lot 1 in said block which is 121.18 feet east from the

northwest corner of said lot; thence continuing north along a northward extension of the last described line to an intersection with the northerly line of East Wacker Drive (River Street) as widened; thence westwardly, southwestwardly, north and southwestwardly along said northerly line, and along the southerly dock line of the Chicago River to an intersection with the northward extension of the west line of Block 8 of Fort Dearborn Addition aforesaid; thence south along said extension to the point of beginning; excepting from the above described tract Lots 19 through 25, inclusive, in Block 10 in Fort Dearborn Addition to Chicago, in the City of Chicago, Cook County, Illinois.

Exhibit

**B**

**EXHIBIT B**

**PROPERTY LEGAL DESCRIPTION**

LOTS 5,6,7 AND THAT PART OF LOT 8 LYING EAST OF THE EAST LINE OF DEARBORN STREET (EXCEPTING THEREFROM THE NORTH 9 FEET OF SAID LOTS TAKEN FOR ALLEY) IN BLOCK 141 IN SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

P.I.N.s:       17-16-213-012  
                  17-16-213-013  
                  17-16-213-014  
                  17-16-213-015

Commonly known as:

123-141 South Dearborn Street  
Chicago, Illinois 60604

Exhibit

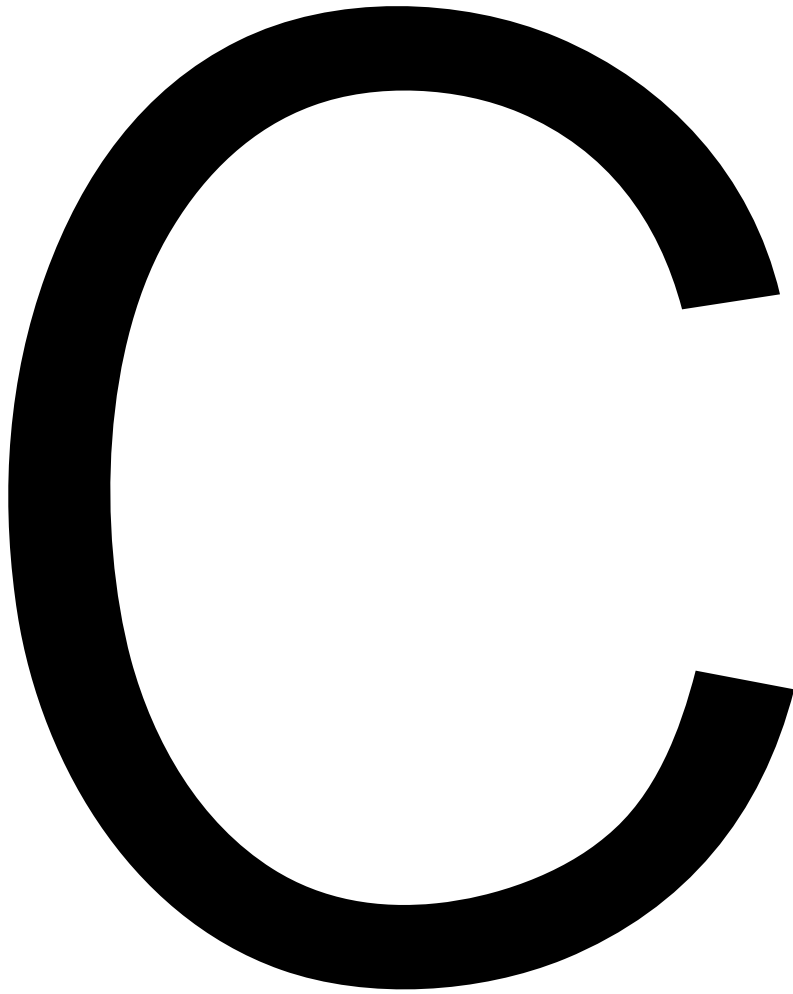




EXHIBIT C  
REDEVELOPMENT PLAN

Exhibit

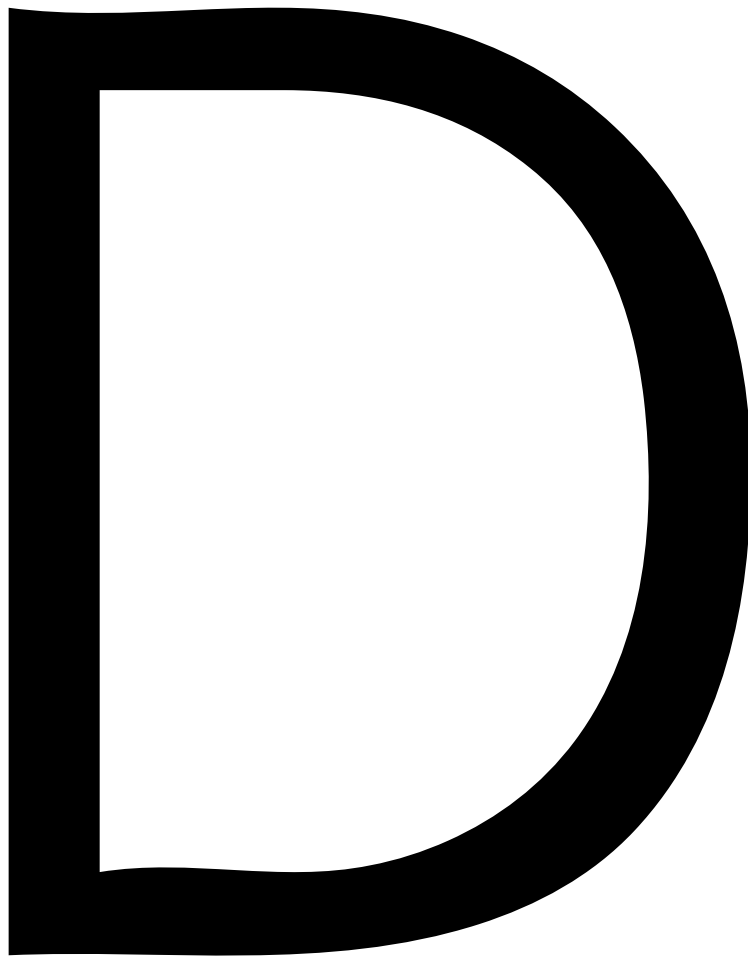


EXHIBIT D  
CONSTRUCTION CONTRACT  
[DEVELOPER TO PROVIDE]

Exhibit

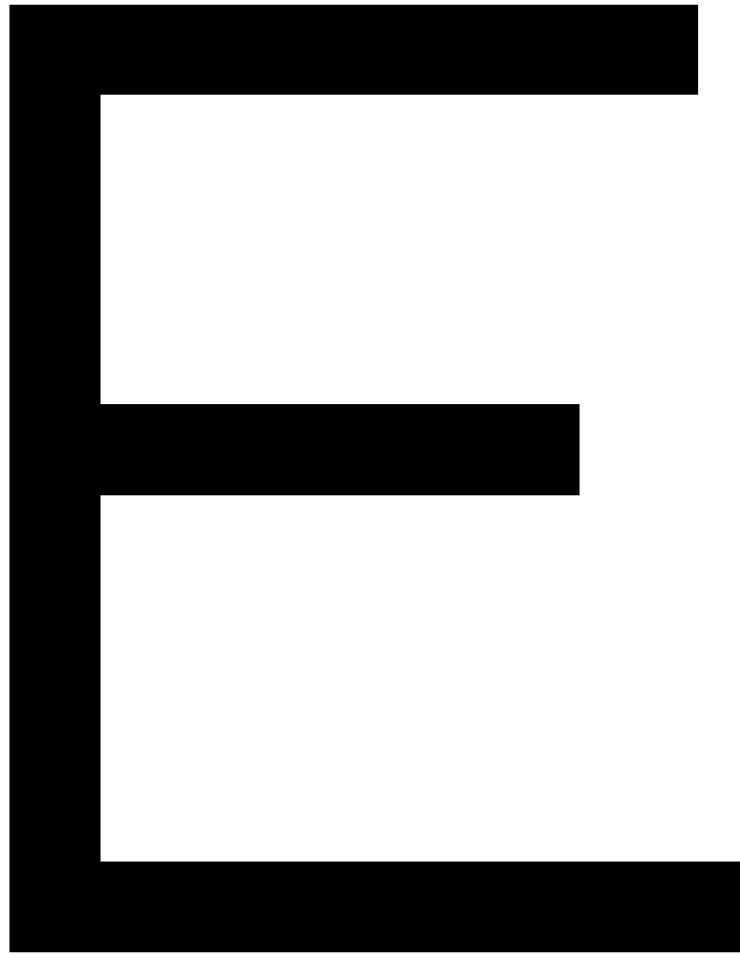


EXHIBIT E

FORM OF DEVELOPER NOTE

REGISTERED  
NO. [\_\_\_\_\_]

MAXIMUM AMOUNT  
\$10,000,000<sup>1</sup>

UNITED STATES OF AMERICA  
STATE OF ILLINOIS  
COUNTY OF COOK  
CITY OF CHICAGO  
TAX INCREMENT ALLOCATION REVENUE NOTE  
CENTRAL LOOP REDEVELOPMENT PROJECT AREA  
(DEARBORN CENTER PROJECT), TAXABLE SERIES 2002

THIS NOTE MAY NOT BE ASSIGNED, EXCEPT AS EXPRESSLY PERMITTED IN THE REDEVELOPMENT AGREEMENT, WITHOUT THE WRITTEN CONSENT OF THE CITY OF CHICAGO, WHICH CONSENT SHALL BE IN THE CITY'S SOLE DISCRETION.

Registered Owner: Dearborn Center, L.L.C., a Delaware limited liability company  
Interest Rate: 9.5% per annum  
Maturity Date: December 31, 2008

KNOW ALL PERSONS BY THESE PRESENTS, that the City of Chicago, Cook County, Illinois (the "City"), hereby acknowledges itself to owe and for value received promises to pay to Dearborn Center, L.L.C. or its successors or assigns as permitted under the Redevelopment Agreement (as hereinafter defined) (the "Registered Owner") on or before the Maturity Date identified above, but solely from the sources hereinafter identified, the principal amount of

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<sup>1</sup>Subject to adjustment by way of reduction in accordance with the applicable provisions of Section 4.02(b) of the Redevelopment Agreement.

this Note from time to time advanced by the Registered Owner to pay costs of the Project (as hereafter defined) in accordance with the Ordinance hereinafter referred to and that certain Dearborn Center Redevelopment Agreement between the City and the Registered Owner dated \_\_\_\_\_, 2002 (the "Redevelopment Agreement") up to the maximum principal amount of Ten Million and No/100 Dollars (\$10,000,000)<sup>2</sup> and to pay the Registered Owner interest on that amount at the above-stated Interest Rate per year from the date hereof, with respect to the indebtedness evidenced hereby that has been established in accordance with the Certificate of Expenditure applicable thereto, which Certificate of Expenditure shall be in the form of Schedule 1 to this Note. All capitalized terms, unless defined herein, shall have the same meanings as are set forth in the Redevelopment Agreement.

This Note is issued by the City in the principal amount of advances made from time to time by the Registered Owner up to \$10,000,000<sup>3</sup> for the purpose of paying the costs of certain eligible Redevelopment Project Costs incurred by the Registered Owner in connection with the development of Dearborn Center, being an approximately 1.5 million square foot, 37- story office building having a commonly known street address of 123-141 South Dearborn, Chicago, Illinois (the "Project") on a site in the Central Loop Redevelopment Project Area (the "Project Area") in the City, all in accordance with the Constitution and the laws of the State of

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<sup>2</sup>Subject to adjustment in amount as previously stated.

<sup>3</sup>Subject to adjustment in amount as previously stated.

Illinois, and particularly the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.) (the "TIF Act"), the Local Government Debt Reform Act (30 ILCS 350/1 et seq.) and an Ordinance adopted by the City Council of the City on October 31, 2001 (the "Ordinance"), in all respects as by law required, and in accordance with the terms of the Redevelopment Agreement. The terms of the Redevelopment Agreement are incorporated herein by reference as if fully set forth herein.

Pursuant to the Redevelopment Agreement, the Registered Owner has agreed to acquire and construct the Project and to advance funds for property acquisition and the construction of certain TIF-Funded Improvements related to the Project on behalf of the City. The cost of such acquisition and construction up to the amount of \$10,000,000<sup>4</sup> shall, upon execution by the City of the Certificate of Expenditure for such costs, be deemed to be a disbursement of the proceeds of this Note and an advance by the Registered Owner hereunder. The principal amount outstanding of the Note shall be made pursuant to the Certificate of Expenditure executed by the Commissioner or a Deputy Commissioner or Assistant Commissioner of the Department of Planning and Development of the City in accordance with the Redevelopment Agreement (provided, however, that in no instance shall the principal indebtedness exceed the maximum reimbursement amount under Section 4.02 of the Redevelopment Agreement), minus any principal amount paid on the

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<sup>4</sup>Subject to adjustment in amount as previously stated.

Note. The City shall not execute Certificate(s) of Expenditure which are in excess of \$10,000,000<sup>5</sup>.

This Note is issued in fully registered form in the denomination of its maximum outstanding principal amount. As of the date of this Note, the outstanding principal amount due under this Note is \$10,000,000<sup>6</sup>, such amount representing certain approved Prior Expenditures for TIF-Funded Improvements and supported by the Certificate of Expenditure as of the date of this Note. This Note may not be exchanged for a like aggregate principal amount of notes or other denominations.

Interest on this Note shall accrue at the Interest Rate on the principal amount of this Note, and any accrued interest not paid when due shall not bear interest. Notwithstanding how interest may be computed with respect to the Lender Financing, interest under this Note shall be computed on the basis of a 360-day year of twelve 30-day months.

The City has assigned and allocated certain rights, title and interest of the City in and to Available Incremental Taxes to the extent collected by the City in any calendar year while the Note is outstanding, and subject to the terms and conditions of the Redevelopment Agreement, in order to pay the principal and interest of this Note. Reference is hereby made to the Redevelopment Agreement and the Ordinance for a description, among others, with respect to the determination, custody and application of said

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<sup>5</sup>Subject to adjustment in amount as previously stated.

<sup>6</sup>Subject to adjustment in amount as previously stated.



Available Incremental Taxes, the nature and extent of the source of payment with respect to this Note and the terms and conditions under which this Note is issued and secured. THIS NOTE IS A SPECIAL LIMITED OBLIGATION OF THE CITY, AND IS PAYABLE SOLELY FROM AVAILABLE INCREMENTAL TAXES, AND SHALL BE A VALID CLAIM OF THE REGISTERED OWNER HEREOF ONLY AGAINST SAID SOURCE. THIS NOTE SHALL NOT BE DEEMED TO CONSTITUTE AN INDEBTEDNESS OR A LOAN AGAINST THE GENERAL TAXING POWERS OR CREDIT OF THE CITY, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION. THE REGISTERED OWNER OF THIS NOTE SHALL NOT HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE CITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OR INTEREST OF THIS NOTE.

Subject to the satisfaction of all conditions to payment set forth in the Redevelopment Agreement, interest on this Note, and any payment of principal or interest hereunder, solely from and to the extent of the Available Incremental Taxes to be allocated to the payment thereof pursuant to Section 4.02 of the Redevelopment Agreement, is due on the first January 1 (the "Annual Payment Date") subsequent to full satisfaction of the conditions and requirements to payment of this Note set forth in Section 4.02(c) of the Redevelopment Agreement and on each Annual Payment Date thereafter until the earlier of maturity on the Maturity Date, payment of the Note in full, or cancellation of this Note. Payments shall first be applied to interest and thereafter to

principal. The undertaking of the City to make payments hereunder is further expressly qualified and limited by the applicable provisions of Sections 4 (Financing) and 15 (Default and Remedies) of the Redevelopment Agreement that may result in certain suspensions of payments otherwise due under this Note, adjustments to amounts evidenced by this Note or cancellation of this Note. The principal of and interest on this Note are payable in lawful money of the United States of America, and shall be made to the Registered Owner hereof as shown on the registration books of the City maintained by the Comptroller of the City, as registrar and paying agent (the "Registrar"), at the close of business on the fifteenth day of the month immediately prior to the applicable payment, maturity or prepayment date, and shall be paid by check or draft of the Registrar, payable in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Registrar; provided, that the final installment of principal and accrued but unpaid interest will be payable solely upon presentation of this Note at the principal office of the Registrar in Chicago, Illinois, or as otherwise directed by the City. The Registered Owner of this Note shall note on the Payment Record attached hereto the amount and the date of any payment of the principal of this Note promptly upon receipt of such payment.

The City and the Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of

receiving payment of or on account of principal hereof and for all other purposes and neither the City nor the Registrar shall be affected by any notice to the contrary, unless transferred in accordance with the provisions hereof.

The principal amount of this Note and any accrued interest thereon is subject to prepayment on any date, as a whole or in part, without premium or penalty. Notice of any such prepayment shall be sent by registered or certified mail not less than five (5) days nor more than sixty (60) days prior to the date fixed for prepayment to the Registered Owner of this Note at the address shown on the registration books of the City maintained by the Registrar or at such other address as is furnished in writing by such Registered Owner to the Registrar.

If at the time that the City can no longer receive Incremental Taxes from the Project Area (the "Termination Date"), the Note is outstanding and there is any outstanding principal and/or interest on this Note (the "Outstanding Amount"), the Outstanding Amount shall be forgiven in full by the Registered Owner, and the City shall have no obligation after the Termination Date to pay the Outstanding Amount.

This Note shall be canceled, and the City's obligation to pay principal and interest (whether then due and payable, or to become due and payable) under this Note shall cease upon a sale, assignment or direct or indirect transfer or encumbrance of the Property or any portion thereof (excluding only transfers or encumbrances permitted under Sections 8.01(d) and (j), Section 8.20

and Section 16 of the Redevelopment Agreement), or of the rights of the Registered Owner under the Redevelopment Agreement or this Note (excluding only transfers permitted under Section 18.14 of the Redevelopment Agreement). The City may, in its sole discretion, in a separate written undertaking expressly consent to a transfer of this Note, the rights of the Registered Owner under the Redevelopment Agreement or the Property which is not permitted under Sections 8.01(d) and (j), Section 8.20, Section 16 and Section 18.14 of the Redevelopment Agreement.

In the event the City executes a written consent, this Note will be transferable by the Registered Owner hereof in person or by its attorney duly authorized in writing at the principal office of the Registrar in Chicago, Illinois, but only in the manner and subject to the limitations provided in the Ordinance, the Redevelopment Agreement and such written consent and upon surrender and cancellation of this Note. Upon such transfer, a new Note of authorized denomination of the same maturity and for the same aggregate principal amount, or having such other terms as the City may impose as a condition to granting its consent, will be issued to the transferee in exchange herefor. The Registrar shall not be required to transfer this Note during the period beginning at the close of business on the fifteenth day of the month immediately prior to the Maturity Date of this Note nor to transfer this Note after notice calling this Note or a portion hereof for prepayment has been mailed, nor during a period of five (5) days next preceding mailing of a notice of prepayment of this Note. Such

transfer shall be in accordance with the form at the end of this Note.

It is hereby certified and recited that all conditions, acts and things required by law to exist, to happen, or to be done or performed precedent to and in the issuance of this Note did exist, have happened, have been done and have been performed in regular and due form and time as required by law; that the issuance of this Note, together with all other obligations of the City, does not exceed or violate any constitutional or statutory limitation applicable to the City.

This Note hereby authorized shall be executed and delivered as the Ordinance and the Redevelopment Agreement provide.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Registrar.

**CERTIFICATE OF EXPENDITURE RECORD**

CERTIFICATE OF  
EXPENDITURE  
AMOUNT

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CERTIFICATE OF  
EXPENDITURE  
DATE

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PRINCIPAL PAYMENT RECORD

DATE OF PAYMENT

PRINCIPAL PAYMENT

PRINCIPAL BALANCE DUE


Schedule 1  
CERTIFICATE OF EXPENDITURE

\_\_\_\_\_, 20\_\_\_\_\_

To: Registered Owner

Re: City of Chicago, Cook County, Illinois (the "City") \$10,000,000<sup>1</sup> Tax Increment Allocation Revenue Note Central Loop Redevelopment Project Area (Dearborn Center Project) Taxable Series 2002 (the "City Note")

This Certification is submitted to you, as Registered Owner of the City Note, pursuant to Section 4.02(b) of the Redevelopment Agreement between the City and Dearborn Center, L.L.C. (the "Redevelopment Agreement") and pursuant to an Ordinance of the City authorizing the execution of the City Note adopted by the City Council of the City on \_\_\_\_\_, \_\_\_\_\_ (the "Ordinance"). All terms used herein shall have the same meanings as when used in the Ordinance.

The City hereby certifies that \$10,000,000<sup>2</sup> is advanced as principal under the City Note as of the date of the City's execution hereof, as indicated below. Such amount has been properly incurred, is a proper charge made or to be made in connection with the redevelopment project costs defined in the Ordinance. As of the date hereof, the outstanding principal balance under the City Note is \$10,000,000<sup>3</sup>.

IN WITNESS WHEREOF, the City has caused this Certification to be signed on its behalf as of \_\_\_\_\_, 2002.

CITY OF CHICAGO, acting by and through  
its Department of Planning and  
Development

By: \_\_\_\_\_  
DESIGNATED OFFICER

AUTHENTICATED BY:

\_\_\_\_\_  
REGISTRAR

<sup>1</sup>Subject to adjustment by way of reduction in accordance with the applicable provisions of Section 4.02(b) of the Redevelopment Agreement.

<sup>2</sup>Subject to adjustment in amount as previously stated.

<sup>3</sup>Subject to adjustment in amount as previously stated.



Schedule 2  
**TRANSFER FORM**

COPY

REGISTERED  
NO. 1

MAXIMUM AMOUNT  
\$10,000,000<sup>1</sup>

UNITED STATES OF AMERICA  
STATE OF ILLINOIS  
COUNTY OF COOK  
CITY OF CHICAGO  
TAX INCREMENT ALLOCATION REVENUE NOTE  
CENTRAL LOOP REDEVELOPMENT PROJECT AREA  
(DEARBORN CENTER PROJECT), TAXABLE SERIES 2002

THIS NOTE MAY NOT BE ASSIGNED, EXCEPT AS EXPRESSLY PERMITTED IN THE REDEVELOPMENT AGREEMENT, WITHOUT THE WRITTEN CONSENT OF THE CITY OF CHICAGO, WHICH CONSENT SHALL BE IN THE CITY'S SOLE DISCRETION.

Registered Owner: Dearborn Center, L.L.C., a Delaware limited liability company

Interest Rate: 9.5% per annum

Maturity Date: December 31, 2008

KNOW ALL PERSONS BY THESE PRESENTS, that the City of Chicago, Cook County, Illinois (the "City"), hereby acknowledges itself to owe and for value received promises to pay to Dearborn Center, L.L.C. or its successors or assigns as permitted under the Redevelopment Agreement (as hereinafter defined) (the "Registered Owner") on or before the Maturity Date identified above, but solely from the sources hereinafter identified, the principal amount of this Note from time to time advanced by the Registered Owner to pay costs of the Project (as hereafter defined) in accordance with the Ordinance hereinafter referred to and that certain Dearborn Center

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<sup>1</sup>Subject to adjustment by way of reduction in accordance with the applicable provisions of Section 4.02(b) of the Redevelopment Agreement.

Redevelopment Agreement between the City and the Registered Owner dated August 1, 2002 (the "Redevelopment Agreement") up to the maximum principal amount of Ten Million and No/100 Dollars (\$10,000,000)<sup>2</sup> and to pay the Registered Owner interest on that amount at the above-stated Interest Rate per year from the date hereof, with respect to the indebtedness evidenced hereby that has been established in accordance with the Certificate of Expenditure applicable thereto, which Certificate of Expenditure shall be in the form of Schedule 1 to this Note. All capitalized terms, unless defined herein, shall have the same meanings as are set forth in the Redevelopment Agreement.

This Note is issued by the City in the principal amount of advances made from time to time by the Registered Owner up to \$10,000,000<sup>3</sup> for the purpose of paying the costs of certain eligible Redevelopment Project Costs incurred by the Registered Owner in connection with the development of Dearborn Center, being an approximately 1.5 million square foot, 37- story office building having a commonly known street address of 123-141 South Dearborn, Chicago, Illinois (the "Project") on a site in the Central Loop Redevelopment Project Area (the "Project Area") in the City, all in accordance with the Constitution and the laws of the State of Illinois, and particularly the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.) (the "TIF Act"), the Local Government Debt Reform Act (30 ILCS 350/1 et seq.) and an

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<sup>2</sup>Subject to adjustment in amount as previously stated.

<sup>3</sup>Subject to adjustment in amount as previously stated.

Ordinance adopted by the City Council of the City on October 31, 2001 (the "Ordinance"), in all respects as by law required, and in accordance with the terms of the Redevelopment Agreement. The terms of the Redevelopment Agreement are incorporated herein by reference as if fully set forth herein.

Pursuant to the Redevelopment Agreement, the Registered Owner has agreed to acquire and construct the Project and to advance funds for property acquisition and the construction of certain TIF-Funded Improvements related to the Project on behalf of the City. The cost of such acquisition and construction up to the amount of \$10,000,000<sup>4</sup> shall, upon execution by the City of the Certificate of Expenditure for such costs, be deemed to be a disbursement of the proceeds of this Note and an advance by the Registered Owner hereunder. The principal amount outstanding of the Note shall be made pursuant to the Certificate of Expenditure executed by the Commissioner or a Deputy Commissioner or Assistant Commissioner of the Department of Planning and Development of the City in accordance with the Redevelopment Agreement (provided, however, that in no instance shall the principal indebtedness exceed the maximum reimbursement amount under Section 4.02 of the Redevelopment Agreement), minus any principal amount paid on the Note. The City shall not execute Certificate(s) of Expenditure which are in excess of \$10,000,000<sup>5</sup>.

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<sup>4</sup>Subject to adjustment in amount as previously stated.

<sup>5</sup>Subject to adjustment in amount as previously stated.

This Note is issued in fully registered form in the denomination of its maximum outstanding principal amount. As of the date of this Note, the outstanding principal amount due under this Note is \$10,000,000<sup>6</sup>, such amount representing certain approved Prior Expenditures for TIF-Funded Improvements and supported by the Certificate of Expenditure as of the date of this Note. This Note may not be exchanged for a like aggregate principal amount of notes or other denominations.

Interest on this Note shall accrue at the Interest Rate on the principal amount of this Note, and any accrued interest not paid when due shall not bear interest. Notwithstanding how interest may be computed with respect to the Lender Financing, interest under this Note shall be computed on the basis of a 360-day year of twelve 30-day months.

The City has assigned and allocated certain rights, title and interest of the City in and to Available Incremental Taxes to the extent collected by the City in any calendar year while the Note is outstanding, and subject to the terms and conditions of the Redevelopment Agreement, in order to pay the principal and interest of this Note. Reference is hereby made to the Redevelopment Agreement and the Ordinance for a description, among others, with respect to the determination, custody and application of said Available Incremental Taxes, the nature and extent of the source of payment with respect to this Note and the terms and conditions

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<sup>6</sup>Subject to adjustment in amount as previously stated.

under which this Note is issued and secured. THIS NOTE IS A SPECIAL LIMITED OBLIGATION OF THE CITY, AND IS PAYABLE SOLELY FROM AVAILABLE INCREMENTAL TAXES, AND SHALL BE A VALID CLAIM OF THE REGISTERED OWNER HEREOF ONLY AGAINST SAID SOURCE. THIS NOTE SHALL NOT BE DEEMED TO CONSTITUTE AN INDEBTEDNESS OR A LOAN AGAINST THE GENERAL TAXING POWERS OR CREDIT OF THE CITY, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION. THE REGISTERED OWNER OF THIS NOTE SHALL NOT HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE CITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OR INTEREST OF THIS NOTE.

Subject to the satisfaction of all conditions to payment set forth in the Redevelopment Agreement, interest on this Note, and any payment of principal or interest hereunder, solely from and to the extent of the Available Incremental Taxes to be allocated to the payment thereof pursuant to Section 4.02 of the Redevelopment Agreement, is due on the first January 1 (the "Annual Payment Date") subsequent to full satisfaction of the conditions and requirements to payment of this Note set forth in Section 4.02(c) of the Redevelopment Agreement and on each Annual Payment Date thereafter until the earlier of maturity on the Maturity Date, payment of the Note in full, or cancellation of this Note. Payments shall first be applied to interest and thereafter to principal. The undertaking of the City to make payments hereunder is further expressly qualified and limited by the applicable

provisions of Sections 4 (Financing) and 15 (Default and Remedies) of the Redevelopment Agreement that may result in certain suspensions of payments otherwise due under this Note, adjustments to amounts evidenced by this Note or cancellation of this Note. The principal of and interest on this Note are payable in lawful money of the United States of America, and shall be made to the Registered Owner hereof as shown on the registration books of the City maintained by the Comptroller of the City, as registrar and paying agent (the "Registrar"), at the close of business on the fifteenth day of the month immediately prior to the applicable payment, maturity or prepayment date, and shall be paid by check or draft of the Registrar, payable in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Registrar; provided, that the final installment of principal and accrued but unpaid interest will be payable solely upon presentation of this Note at the principal office of the Registrar in Chicago, Illinois, or as otherwise directed by the City. The Registered Owner of this Note shall note on the Payment Record attached hereto the amount and the date of any payment of the principal of this Note promptly upon receipt of such payment.

The City and the Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and for all other purposes and neither the City nor the Registrar shall be

affected by any notice to the contrary, unless transferred in accordance with the provisions hereof.

The principal amount of this Note and any accrued interest thereon is subject to prepayment on any date, as a whole or in part, without premium or penalty. Notice of any such prepayment shall be sent by registered or certified mail not less than five (5) days nor more than sixty (60) days prior to the date fixed for prepayment to the Registered Owner of this Note at the address shown on the registration books of the City maintained by the Registrar or at such other address as is furnished in writing by such Registered Owner to the Registrar.

If at the time that the City can no longer receive Incremental Taxes from the Project Area (the "Termination Date"), the Note is outstanding and there is any outstanding principal and/or interest on this Note (the "Outstanding Amount"), the Outstanding Amount shall be forgiven in full by the Registered Owner, and the City shall have no obligation after the Termination Date to pay the Outstanding Amount.

This Note shall be canceled, and the City's obligation to pay principal and interest (whether then due and payable, or to become due and payable) under this Note shall cease upon a sale, assignment or direct or indirect transfer or encumbrance of the Property or any portion thereof (excluding only transfers or encumbrances permitted under Sections 8.01(d) and (j), Section 8.20 and Section 16 of the Redevelopment Agreement), or of the rights of the Registered Owner under the Redevelopment Agreement or this Note



(excluding only transfers permitted under Section 18.14 of the Redevelopment Agreement). The City may, in its sole discretion, in a separate written undertaking expressly consent to a transfer of this Note, the rights of the Registered Owner under the Redevelopment Agreement or the Property which is not permitted under Sections 8.01(d) and (j), Section 8.20, Section 16 and Section 18.14 of the Redevelopment Agreement.

In the event the City executes a written consent, this Note will be transferable by the Registered Owner hereof in person or by its attorney duly authorized in writing at the principal office of the Registrar in Chicago, Illinois, but only in the manner and subject to the limitations provided in the Ordinance, the Redevelopment Agreement and such written consent and upon surrender and cancellation of this Note. Upon such transfer, a new Note of authorized denomination of the same maturity and for the same aggregate principal amount, or having such other terms as the City may impose as a condition to granting its consent, will be issued to the transferee in exchange herefor. The Registrar shall not be required to transfer this Note during the period beginning at the close of business on the fifteenth day of the month immediately prior to the Maturity Date of this Note nor to transfer this Note after notice calling this Note or a portion hereof for prepayment has been mailed, nor during a period of five (5) days next preceding mailing of a notice of prepayment of this Note. Such transfer shall be in accordance with the form at the end of this Note.

It is hereby certified and recited that all conditions, acts and things required by law to exist, to happen, or to be done or performed precedent to and in the issuance of this Note did exist, have happened, have been done and have been performed in regular and due form and time as required by law; that the issuance of this Note, together with all other obligations of the City, does not exceed or violate any constitutional or statutory limitation applicable to the City.

This Note hereby authorized shall be executed and delivered as the Ordinance and the Redevelopment Agreement provide.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Registrar.

IN WITNESS WHEREOF, the City of Chicago, Cook County, Illinois, by its City Council, has caused its official seal to be imprinted by facsimile hereon or hereunto affixed, and has caused this Note to be signed by the duly authorized signature of the Mayor and attested by the duly authorized signature of the City Clerk of the City, all as of August 1<sup>st</sup>, 2002.

*[Handwritten signature]*  
Mayor

(SEAL)  
Attest:

*[Handwritten signature]*  
City Clerk

CERTIFICATE  
OF  
AUTHENTICATION

Registrar and Paying Agent:  
Comptroller of City of Chicago,  
Cook County, Illinois  
This Note is described in the  
within mentioned Ordinance and  
is the Tax Increment Allocation  
Revenue Note Central Loop  
Redevelopment Project Area  
(Dearborn Center Project), Taxable,  
Series 2002 of the City of Chicago,  
Cook County, Illinois.

*[Handwritten signature]*  
Comptroller

Date: August 1, 2002

**CERTIFICATE OF EXPENDITURE RECORD**

CERTIFICATE OF  
EXPENDITURE  
AMOUNT

CERTIFICATE OF  
EXPENDITURE  
DATE

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PRINCIPAL PAYMENT RECORD

DATE OF PAYMENT

PRINCIPAL PAYMENT

PRINCIPAL BALANCE DUE

Schedule 1  
CERTIFICATE OF EXPENDITURE

August 1<sup>st</sup>, 2002

To: Registered Owner

Re: City of Chicago, Cook County, Illinois (the "City") \$10,000,000<sup>1</sup> Tax Increment Allocation Revenue Note Central Loop Redevelopment Project Area (Dearborn Center Project) Taxable Series 2002 (the "City Note")

This Certification is submitted to you, as Registered Owner of the City Note, pursuant to Section 4.02(b) of the Redevelopment Agreement between the City and Dearborn Center, L.L.C. (the "Redevelopment Agreement") and pursuant to an Ordinance of the City authorizing the execution of the City Note adopted by the City Council of the City on October 31, 2001 (the "Ordinance"). All terms used herein shall have the same meanings as when used in the Ordinance.

The City hereby certifies that \$10,000,000<sup>2</sup> is advanced as principal under the City Note as of the date of the City's execution hereof, as indicated below. Such amount has been properly incurred, is a proper charge made or to be made in connection with the redevelopment project costs defined in the Ordinance. As of the date hereof, the outstanding principal balance under the City Note is \$10,000,000<sup>3</sup>.

IN WITNESS WHEREOF, the City has caused this Certification to be signed on its behalf as of August 1<sup>st</sup>, 2002.

CITY OF CHICAGO, acting by and through  
its Department of Planning and  
Development

BY: [Signature]  
DESIGNATED OFFICER

AUTHENTICATED BY

[Signature]  
REGISTRAR

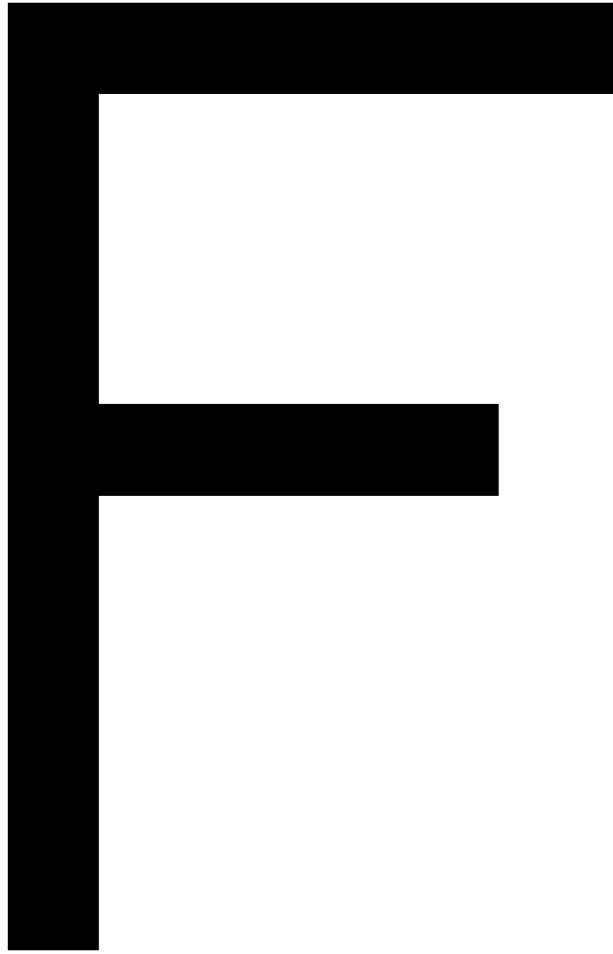
<sup>1</sup>Subject to adjustment by way of reduction in accordance with the applicable provisions of Section 4.02(b) of the Redevelopment Agreement.

<sup>2</sup>Subject to adjustment in amount as previously stated.

<sup>3</sup>Subject to adjustment in amount as previously stated.

Schedule 2  
**TRANSFER FORM**

Exhibit





## EXHIBIT F

### PERMITTED LIENS

**1. Liens or encumbrances against the Property:**

Those matters set forth as either Schedule B title exceptions in the owner's title insurance policy issued by the Title Company as of the date hereof, but only so long as applicable title endorsements issued in conjunction therewith on the date hereof, if any, continue to remain in full force and effect or Schedule B title exceptions in the lender's title policy issued by the Title Company as of the date this Agreement and the Subordination Agreement are recorded, but only so long as the exceptions on the lender's title policy include only (i) the same exceptions set forth on the date down endorsement dated June 24, 2002, (ii) this Agreement and (iii) the Subordination Agreement.

**2. Liens or encumbrances against the Developer or the Project, other than liens against the Property, if any.**

**3. Any documents evidencing the Developer's pledge or transfer of the Developer Note to a company providing Lender Financing or an Approved Purchaser**

Exhibit

G

EXHIBIT G-1

PROJECT BUDGET

<u>Activity:</u>	<u>Cost</u>
• Land Acquisition (includes closing costs and Site management)	\$ 22,915,719
• New construction and site improvement costs	
• Base building construction	\$ 151,513,000
• General conditions	\$ 10,112,000
• CM fee	\$ 4,125,000
• Construction costs - owners items	\$ 5,143,702
• Tenant Improvements	\$ 57,170,924
• Soft costs (including construction interest)	
• Architect and engineering fees	\$ 11,812,981
• Surveys	\$ 67,000
• Permits/ utility connection fees	\$ 1,071,862
• Insurance	\$ 2,766,536
• Interim real estate taxes	\$ 2,752,016
• Development administration	\$ 7,209,912
• Marketing / leasing	\$ 1,269,639
• Lease commissions	\$ 19,432,698
• Building startup	\$ 460,600
• Legal	\$ 2,279,041
• Financing costs	\$ 9,348,505
• Accounting / audit fees	\$ 175,000
• Project contingency	\$ 10,300,000
• Construction interest	<u>\$ 17,273,865</u>
<b>Total:</b>	<b>\$ 337,200,000</b>

EXHIBIT G-2

DEARBORN CENTER, L.L.C.  
Redevelopment Agreement  
(MBE/WBE BUDGET)

<u>Activity:</u>	<u>Cost</u>
• New Construction hard costs, applicable site improvements and applicable soft costs	\$ 78,369,524
<b>Sub-Total:</b>	<b>\$ 78,369,524</b>
<b>Project MBE Dollar Value:</b>	<b>Total: \$ 19,592,381*</b>
<b>Project WBE Dollar Value:</b>	<b>Total: \$ 3,918,476*</b>

\* Whether future contracts let equal this value or not, the Developer is obligated to expend the required MBE / WBE dollar value.

\*\* The above MBE / WBE dollar value is an estimate. If the actual cost of the above applicable MBE / WBE activities increase, the associated MBE / WBE dollar value will increase correspondingly except in the case of activities relating to structural steel, structural concrete, curtain wall facade (including exterior walls and storefront walls on levels 1 and 2), elevator and escalators, and access/raised flooring.

\*\*\* Dearborn Center L.L.C. has indicated that tenant improvements currently estimated at \$57,170,924 will be performed by general contractors retained by individual tenants, and as such will be exempted from the MBE/WBE budget. However, if Dearborn Center LLC, or any of its affiliates, either as part of a lease with a tenant in the facility or through a separate contract with a tenant in the facility, is contracted to perform tenant improvements for a tenant, the City's MBE / WBE requirement will be imposed upon Dearborn Center L.L.C. who will present to the City a MBE / WBE budget for its approval for the tenant improvements it will perform on behalf of the tenant.

Exhibit

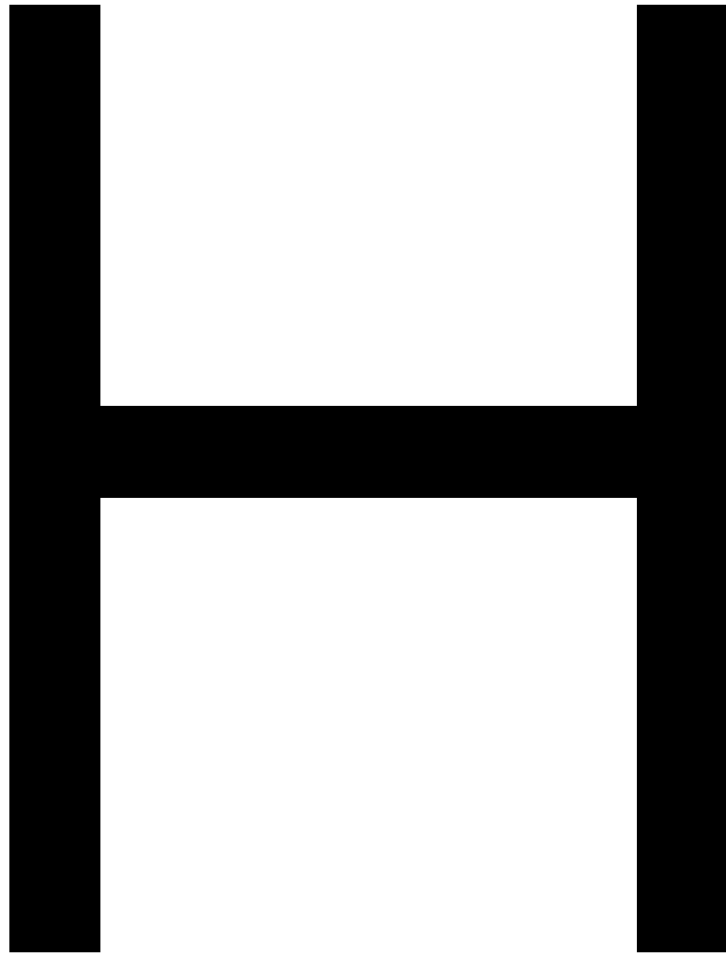


EXHIBIT H  
TIF-FUNDED IMPROVEMENTS  
TIF-ELIGIBLE COSTS

<u>TIF-Eligible Activity</u>	<u>Cost</u>
Land Acquisition	\$ 10,000,000*

\* Although this figure may exceed \$10,000,000, the amount of City funds disbursed to this Redevelopment Agreement shall not exceed the limits set forth in Section 4.03 herein.

# Exhibit



**EXHIBIT I****APPROVED PRIOR EXPENDITURES**

<b>KIND OF WORK</b>	<b>AMOUNT PAID THROUGH 5/31/02</b>
Land Acquisition & Site Costs	\$22,665,372.62
Construction Costs-Hard Costs	\$157,703,090.78
Construction Costs-Owners Items	\$1,710,233.21
Architectural Fees	\$9,669,811.63
Engineering Costs	\$910,737.55
Surveys	\$21,682.50
Permits & Utility Connection	\$1,521,069.63
Insurance	\$3,514,056.66
Real Estate Taxes & Assessments	\$1,884,987.01
Development Administration	\$5,566,876.15
Marketing & Leasing Costs	\$819,258.28
Lease Commissions	\$8,776,853.90
Legal Fees	\$3,378,795.85
Title & Closing Costs	\$113,250.00
Financing Costs	\$8,763,076.05
Accounting/Audit Fees	\$79,122.00
Project Contingency	\$100,000.00
Construction Interest	\$2,589,363.20
<b>TOTAL:</b>	<b>\$229,787,637.02</b>



Exhibit

J

**EXHIBIT J**

**APPROVED PRIOR EXPENDITURES**

**[DEVELOPER TO PROVIDE; CITY TO APPROVE]**

Exhibit

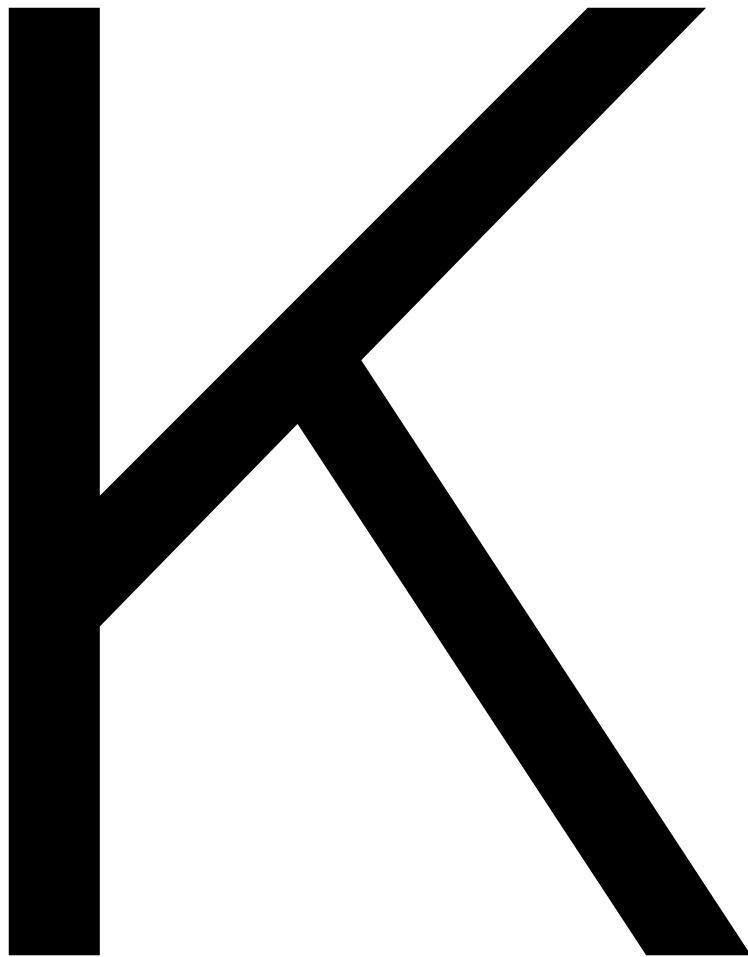


EXHIBIT K

OPINION OF DEVELOPER'S COUNSEL

\_\_\_, 2001

City of Chicago  
121 North LaSalle Street  
Chicago, IL 60602

ATTENTION: Corporation Counsel

Ladies and Gentlemen:

We have acted as counsel to Dearborn Center, L.L.C., a Delaware limited liability company (the "Developer"), in connection with that certain redevelopment project to be undertaken by the Developer with respect to the building commonly known as Dearborn Center, Chicago, Illinois located in the Central Loop Tax Increment Financing Redevelopment Project Area (the "Project"). In that capacity, we have examined, among other things, the following agreements, instruments and documents of even date herewith, hereinafter referred to as the "Documents":

- (a) Dearborn Center Redevelopment Agreement (the "Agreement") of even date herewith, executed by the Developer and the City of Chicago (the "City");
- (b) [insert other documents as may be appropriate]; and
- (c) all other agreements, instruments and documents executed in connection with the foregoing.

Capitalized terms not otherwise defined in this opinion shall have the meaning set forth in the Agreement.

In addition to the foregoing, we have examined

- (a) the original or certified, conformed or photostatic copies of the Developer's (i) Certificate of Formation, as amended to date, (ii) qualifications to do business and certificates of existence in all states in which the Developer is qualified to do business, (iii) Operating Agreement, as amended to date, and (iv) records of all corporate proceedings relating to the Project; and
- (b) such other documents, records and legal matters as we have deemed necessary or relevant for purposes of issuing the opinions hereinafter expressed.

In all such examinations, we have assumed the genuineness of all signatures (other than those of the Developer), the authenticity of documents submitted to us as originals

and conformity to the originals of all documents submitted to us as certified, conformed or photostatic copies.

Based on the foregoing, it is our opinion that:

1. The Developer is a limited liability company duly organized, validly existing and in good standing under the laws of its state of formation, has full power and authority to own and lease its properties and to carry on its business as presently conducted, and is in good standing and duly qualified to do business as a foreign limited liability company under the laws of every state in which the conduct of its affairs or the ownership of its assets requires such qualification, except for those states in which its failure to qualify to do business would not have a material adverse effect on it or its business.

2. The Developer has full right, power and authority to execute and deliver the Documents to which it is a party and to perform its obligations thereunder. Such execution, delivery and performance will not conflict with, or result in a breach of, the Developer's Certificate of Formation or Operating Agreement or result in a breach or other violation of any of the terms, conditions or provisions of any law or regulation, order, writ, injunction or decree of any court, government or regulatory authority, or, to the best of our knowledge after diligent inquiry, any of the terms, conditions or provisions of any agreement, instrument or document to which the Developer is a party or by which the Developer or its properties is bound. To the best of our knowledge after diligent inquiry, such execution, delivery and performance will not constitute grounds for acceleration of the maturity of any agreement, indenture, undertaking or other instrument to which the Developer is a party or by which it or any of its property may be bound, or result in the creation or imposition of (or the obligation to create or impose) any lien, charge or encumbrance on, or security interest in, any of its property pursuant to the provisions of any of the foregoing.

3. The execution and delivery of each Document and the performance of the transactions contemplated thereby have been duly authorized and approved by all requisite action on the part of the Developer.

4. Each of the Documents to which the Developer is a party has been duly executed and delivered by a duly authorized officer of the Developer, and each such Document constitutes the legal, valid and binding obligation of the Developer, enforceable in accordance with its terms, except as limited by applicable bankruptcy, reorganization, insolvency or similar laws affecting the enforcement of creditors' rights generally.

5. Exhibit A attached hereto (a) identifies the upper-tier owners of the Developer, (b) sets forth the percentage ownership interest for each such upper-tier owner. To the best of our knowledge after diligent inquiry, except as set forth on Exhibit A, there are no membership interests, warrants, options, rights or commitments of purchase, conversion, call or exchange or other rights or restrictions with respect to any of the membership interests of the Developer. All capital contributions required to be funded to date under the Operating Agreement have been funded.

6. To the best of our knowledge after diligent inquiry, no judgments are outstanding against the Developer, nor is there now pending or threatened, any litigation, contested claim or governmental proceeding by or against the Developer or affecting the Developer or its property, or seeking to restrain or enjoin the performance by the Developer of the Agreement or the transactions contemplated by the Agreement, or contesting the validity thereof. To the best of our knowledge after diligent inquiry, the Developer is not in default with respect to any order, writ, injunction or decree of any court, government or regulatory authority or in default in any respect under any law, order, regulation or demand of any governmental agency or instrumentality, a default under which would have a material adverse effect on the Developer or its business.

7. To the best of our knowledge after diligent inquiry, there is no default by the Developer or any other party under any material contract, lease, agreement, instrument or commitment relating to the redevelopment project to which the Developer is a party or by which the company or its properties is bound.

8. To the best of our knowledge after diligent inquiry, all of the assets of the Developer are free and clear of mortgages, liens, pledges, security interests and encumbrances except for those specifically set forth in Schedule 1 hereto.

9. The execution, delivery and performance of the Documents by the Developer has not and will not require the consent of any person or the giving of notice to, any exemption by, any registration, declaration or filing with or any taking of any other actions in respect of, any person, including without limitation any court, government or regulatory authority.

10. To the best of our knowledge after diligent inquiry, the Developer owns or possesses or is licensed or otherwise has the right to use all licenses, permits and other governmental approvals and authorizations, operating authorities, certificates of public convenience, goods carriers permits, authorizations and other rights that are necessary for the operation of its business.

11. A federal or state court sitting in the State of Illinois and applying the choice of law provisions of the State of Illinois would enforce the choice of law contained in the Documents and apply the law of the State of Illinois to the transactions evidenced thereby.

We are attorneys admitted to practice in the State of Illinois and we express no opinion as to any laws other than federal laws of the United States of America, the laws of the State of Illinois and the laws of the State of Delaware regarding limited liability companies.

This opinion is issued at the Developer's request for the benefit of the City and may not be relied upon by any other person.

Very truly yours,

By: \_\_\_\_\_  
Name: \_\_\_\_\_

Exhibit

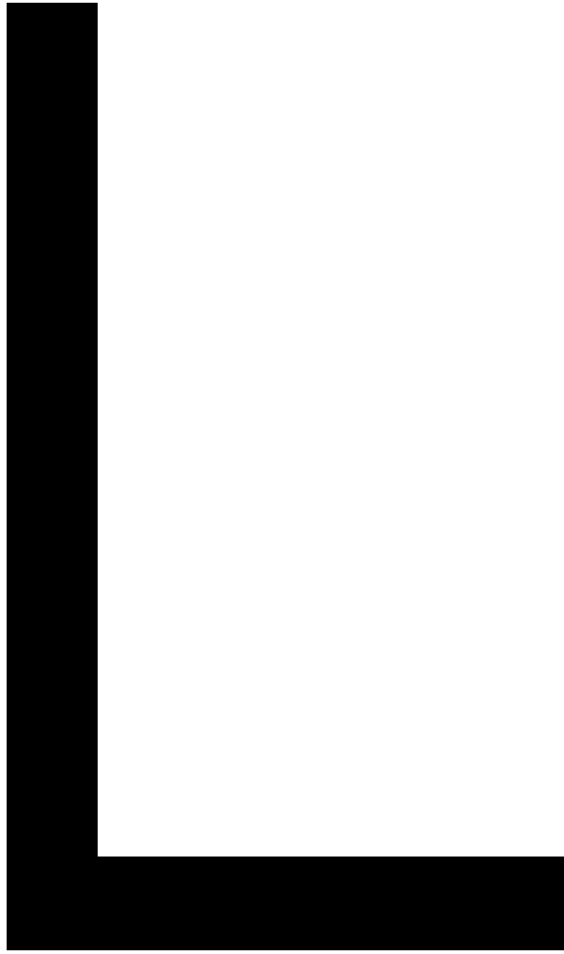


EXHIBIT L

FORM OF NOTICE OF PROPOSED [[TRANSFER]][[REFINANCING]]

[DEVELOPER'S LETTERHEAD]

[DATE]

BY MESSENGER

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

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

Re: Dearborn Center Redevelopment Agreement  
[[Refinancing]][[Sale]] of Dearborn Center

Dear Commissioners:

This letter is written pursuant to [[Section \_\_\_]] of the Dearborn Center Redevelopment Agreement dated \_\_\_\_\_, 2000 (the "Agreement") and constitutes the written notice of Dearborn Center, L.L.C. of the proposed [[transfer]] [[refinancing]] of the Property. A summary of the principal terms of the [[proposed transfer]] [[refinancing]] is attached hereto as Schedule 1. If the City has further questions concerning the proposed [[transfer]][[refinancing]], such questions should be directed to [INSERT NAME, ADDRESS, AND PHONE NUMBER OF PERSON TO BE CONTACTED].

Sincerely yours,

[DEVELOPER SIGNATURE BLOCK]



Schedule 1 to Exhibit L

Summary of Principal Terms

Legal Description:

Street Address:

Description of  
Improvements:

Current Use:

Intended Use:

Buyer:<sup>1</sup>

Price:

Lender:

Proposed  
Closing Date:

Other Material  
Terms of Sale  
or Refinancing:

Calculation of  
Excess Funds  
(if any):

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<sup>1</sup> Attach organizational chart depicting upper-tier ownership interests in Buyer identifying all persons and entities having a direct or indirect ownership interest in Buyer of 5% or more.

Schedule 2 to Exhibit L

[FORM OF CERTIFICATION BY PROPOSED TRANSFEREE]

[LETTERHEAD OF PROPOSED TRANSFEREE]

[DATE]

BY MESSENGER

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

Finance and Economic Development Division  
121 North LaSalle Street, Room 600  
Chicago, IL 60602

Re: [ADDRESS] (the "Property")  
Dearborn Center Redevelopment Agreement  
Certification by Proposed Transferee

Dear Commissioners:

This letter is written pursuant to Section of the Dearborn Center Redevelopment Agreement dated \_\_\_\_\_, \_\_\_\_\_ (the "Agreement") and constitutes the written certification of the undersigned, which has entered into a contract with Dearborn Center, L.L.C., to purchase the Property. A copy of the contract is being delivered to you with this letter. Capitalized terms not defined herein shall have the meaning set forth in the Agreement.

Pursuant to Section, and with the understanding that the City will be relying upon such certifications, the undersigned hereby certifies as follows:

(1) it has received and reviewed a true, correct and complete copy of the Agreement, the Redevelopment Plan, the TIF Ordinances and the TIF Bond Ordinances (collectively, the "TIF Agreements");

(2) it acknowledges and agrees that it shall be bound by, and hereby covenants to comply with, the terms, conditions, covenants, representations and warranties set forth in the TIF Agreements which, by their terms, are binding upon any owner and operator of the Property;

(3) it shall operate the Building solely for retail and office uses;

(4) neither the undersigned, nor any affiliate thereof, nor any person identified in the organizational chart depicting the undersigned's ownership being delivered to the City simultaneously herewith (the "Transferee Parties"), is (a) in violation of any City laws, regulations and requirements (including, without limitation, any "anti-scofflaw" laws); (b) in default under any other written agreements between any such person or entity and the City, or (c) delinquent in the payment of any amounts due to the City;

(5) the undersigned is qualified to do business in the State of Illinois and has obtained all qualifications, licenses and approvals required by the City of Chicago in order to own and operate the Property; and

(6) the undersigned is solvent, able to pay its debts as they become mature and has the financial capability and business expertise to acquire, own and operate the Property;

(7) the total cash and non-cash consideration to be paid for the Property, and the value of such consideration, is as follows: [INSERT DESCRIPTION]

(8) the undersigned is an Approved Purchaser because of its status as [INSERT DESCRIPTION]:

If the City has further questions concerning the proposed transfer, such questions should be directed to [INSERT NAME, ADDRESS, AND PHONE NUMBER OF PERSON TO BE CONTACTED].

Sincerely yours,

[PROPOSED TRANSFEREE  
SIGNATURE BLOCK]

Exhibit

**M**

EXHIBIT M  
JOB READINESS PROGRAM  
[Attached hereto.]

(008775.3)

S:\Finance\Dearborn Center\RA(Beitler)v.18.WPD

## **EXHIBIT M**

Dearborn Center, L.L.C. ("Developer") seeks to make employment opportunities created by the Dearborn Center development ("Development") available to residents of the City of Chicago. The Mayor's Office of Workforce Development ("MOWD") will serve as the first source to the retail tenants in excess of 20,000 square feet ("Major Tenants") of the Development for employment and employment-related needs until the termination of the City of Chicago's Central Area Loop TIF in 2007.

Services available through MOWD may include but are not limited to the following:

- Applicant recruitment and community outreach
- Pre-screening of applicants
- Job readiness training and skills training
- Retention enhancement services
- Access to wage subsidies and employer financial incentives

The Developer will make commercially reasonable efforts to ensure that Major Tenants will utilize MOWD to meet its employment needs. The Developer will include in the lease for Major Tenants language which: (i) informs Major Tenants of the resources and (2) seeks Major Tenants' cooperation in prioritizing MOWD among its resources for marketing employment opportunities, receiving applicant referrals, preparing individuals for employment, and other staffing-related needs.

The Developer will provide MOWD with information regarding the Major Tenants for the purpose of MOWD's advising the Major Tenants of the employment services available through MOWD.

Specific services available to businesses will depend on businesses' specific needs, the quality of the employment opportunities, and available resources at the time of request. Specific service requests made by businesses will be assessed and addressed on an individual basis.

No portion of this agreement shall compel the Developer or any Major Tenant to employ any individual referred by MOWD who is otherwise not qualified or appropriate for the available position(s).

This document prepared by  
and after recording return to:

Randall L. Johnson, Esq.  
Assistant Corporation Counsel  
Department of Law  
121 North LaSalle Street, Room 600  
Chicago, IL 60602

**DEARBORN CENTER, L.L.C.**  
**REDEVELOPMENT AGREEMENT DATED AS OF August 1, 2002**  
**SUBORDINATION AGREEMENT**

This Subordination Agreement ("Agreement") is made and entered into as of the 1<sup>st</sup> day of August, 2002 between the City of Chicago, by and through its Department of Planning and Development (the "City"), and Bayerische Hypo-Und Vereinsbank AG.-New York Branch ("HypoVereinsbank"), a banking corporation organized under the laws of the Federal Republic of Germany, as a lender and as agent for the other lenders whose interests are, from time to time, also secured by the Mortgage (as defined below) (each a "Lender" and collectively, the "Lenders").

**RECITALS:**

WHEREAS, Dearborn Center, L.L.C. , a Delaware limited liability company (the "Developer"), has entered into that certain lease dated as of January 24, 2000 (as heretofore amended, the "Lease") with Bank One, NA, for an initial term ending October 31<sup>st</sup> 2017 for certain property and improvements located at 123-141 South Dearborn Street, Chicago, Illinois 60604 and legally described in Exhibit A hereto (the "Property"), in order to construct an approximately 1.5 million square foot building consisting of 37 stories above grade along

Dearborn Street, 11 stories above grade along South State Street and a parking garage entirely below grade containing approximately 200 cars (collectively the "**Building**"). The building will have three primary functional components: parking, retail and office. In addition to the Building, the Developer will make improvements to the sidewalk on the south side of Adams Street across from the Building. The construction of the Building, the parking garage and the sidewalk improvements are collectively referred to herein as the "**Project**"; and

**WHEREAS**, as part of obtaining financing for the Project, the Developer has entered into a certain Credit Agreement dated as of January 5, 2001 with HypoVereinsbank pursuant to which HypoVereinsbank and other Lenders have agreed to make a loan to the Developer in an amount not to exceed \$230,000,000 (the "**Loan**"), which Loan is evidenced by a note or notes (the "**Note(s)**"), and the repayment of the Loan is secured by, among other things, certain liens and encumbrances on the Property pursuant to the following: (i) Mortgage, Security Agreement, Assignment of Leases, Rents and Revenues, and Fixture Filing dated January 5, 2001 and recorded January 24, 2001 as document number 0010060838 made by Developer to HypoVereinsbank (the "**Mortgage**"); (ii) Assignment of Leases, Rents and Revenues dated January 5, 2001 and recorded January 24, 2001 as document number 0010060839 and (iii) Security interests of HypoVereinsbank, as agent, under financing statements and filed January 24, 2001 as document numbers O1U00807 and O1U00807 (all such agreements referred to above and otherwise relating to the Loan are collectively defined herein as the "**Loan Documents**");

**WHEREAS**, the Developer desires to enter into a certain Redevelopment Agreement dated the date hereof with the City in order to obtain additional financing for the Project (the "**Redevelopment Agreement**," referred to herein along with various other agreements and documents related thereto as the "**City Agreements**");

**WHEREAS**, pursuant to the Redevelopment Agreement, the Developer will agree to be bound by (i) certain covenants expressly running with the Property, as set forth in Sections 8.02 the Redevelopment Agreement and (ii) certain covenants involving the use of or liens on the Property, as set forth in Sections 8.03, 8.06, 8.15, 8.19, 8.19, 8.20 and 8.23 which shall also run with the Property (all covenants mentioned in (i) and (ii) above collectively referred to as the "**City Encumbrances**");

**WHEREAS**, the City has agreed to enter into the Redevelopment Agreement with the Developer as of the date hereof subject, among other things, to: (a) the execution by the Developer of the Redevelopment Agreement and the recording thereof as an encumbrance against the Property; and (b) the agreement by the Lender to subordinate its respective liens under the Loan Documents to the City Encumbrances; and



**NOW, THEREFORE**, for good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Lender and the City agree as hereinafter set forth:

**AGREEMENT:**

1. (a) Subordination. All rights, interests and claims of the Lender in the Property pursuant to the Loan Documents are and shall be subject and subordinate to the City Encumbrances. In all other respects, the Redevelopment Agreement shall be subject and subordinate to the Loan Documents. Nothing herein, however, shall be deemed to limit the Lenders' right to receive, and the Developer's ability to make, payments and prepayments of principal and interest on the Notes, or to exercise their rights pursuant to the Loan Documents except as provided herein.

(b) Lender Succession. In the event that the HypoVereinsbank or any other Lender (or any wholly-owned subsidiary thereof) shall succeed to the Developer's interest in the Property or any portion thereof pursuant to the exercise of its remedies under any of the Loan Documents, whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith succeeds to the interest of the Developer under the Redevelopment Agreement, the City hereby agrees to attorn to and recognize such party as the successor in interest to the Developer for all purposes under the Redevelopment Agreement so long as such party accepts all of the obligations and liabilities of the "Developer" thereunder and shall certify in writing (in a form satisfactory to the City) its agreement to abide by all of the remaining executory terms of the Redevelopment Agreement, including but not limited to Sections 8.25 and 8.26 thereof, for the Term of the Agreement (as defined in the Redevelopment Agreement); provided however, that if the Lender or any wholly-owned subsidiary of the Lender accepts an assignment of the Developer's interest under the Redevelopment Agreement for any Event of Default (as defined in the Redevelopment Agreement) of the Developer thereunder which occurred prior to the time the Lender or such other party succeeded to the interest of the Developer under the Redevelopment Agreement. However, if the Lender or any such party does not expressly accept an assignment of the Developer's interest under the Redevelopment Agreement, the Lender or any such party shall be bound only by those provisions of the Redevelopment Agreement which are defined herein as the City Encumbrances.

2. Notice of Default. The Lender shall use reasonable efforts to give to the City, and the City shall use reasonable efforts to give to the Lender: (a) copies of any notices of default which either entity may give to the Developer with respect to the Project pursuant to the Loan Documents or the City Agreements, respectively, and (b) copies of waivers, if any, of the Developer's default in connection therewith. Under no circumstances shall the Developer or any third party be entitled to rely upon the agreement provided for herein.

3. Waivers. No waiver shall be deemed to be made by the City or the Lender of any of their respective rights hereunder, unless the same shall be in writing, and each waiver, if any, shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of the City or the Lender in any other respect at any other time.

4. Governing Law; Binding Effect. This Agreement shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with the internal laws and decisions of the State of Illinois, without regard to its conflict of laws principles, and shall be binding upon and inure to the benefit of the respective successors and assigns of the City and the Lender.

5. Section Titles; Plurals. The section titles contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto. The singular form of any word used in this Agreement shall include the plural form.

6. Notices. Any notice required hereunder shall be in writing and addressed to the party to be notified as follows:

If to the City:

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

With a copy to:

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

If to the Lender:

Bayerische Hypo-und Vereinsbank AG. New York Branch  
150 East 42<sup>nd</sup> Street  
New York, New York 10017-4679  
Attention: Real Estate Lending

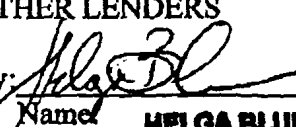
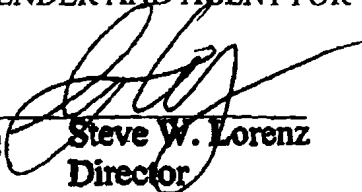
With a copy to:

Shearman & Sterling  
599 Lexington Avenue  
New York, New York 10022  
Attention: John L. Opar, Esq. (766/44)

IN WITNESS WHEREOF, this Subordination Agreement has been signed as of the date first written above.

LENDER:

BAYERISCHE HYPO- UND VEREINSBANK AG, NEW YORK BRANCH, AS A LENDER AND AGENT FOR OTHER LENDERS

By:    
Name: HELGA BLUM Steve W. Lorenz  
Director Director

Its: \_\_\_\_\_  
Title: \_\_\_\_\_

CITY OF CHICAGO

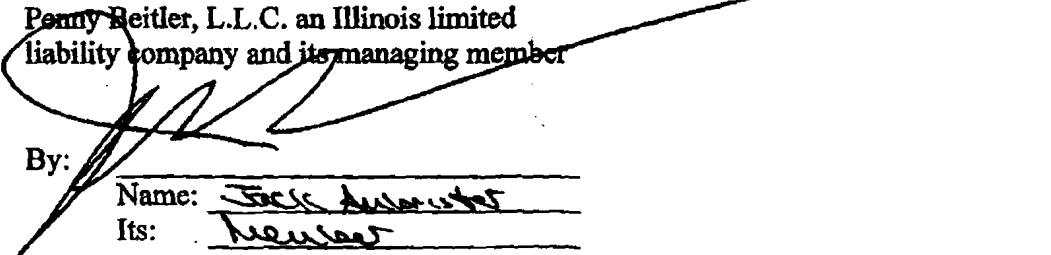
By: \_\_\_\_\_  
Its: \_\_\_\_\_ Commissioner,  
Department of Planning and  
Development

ACKNOWLEDGED AND AGREED TO THIS  
1st DAY OF AUGUST, 2002

DEARBORN CENTER, L.L.C., a Delaware limited liability company

By: Prime/Beitler Development Company, L.L.C., a Delaware limited liability company and its sole member

By: Penny Beitler, L.L.C. an Illinois limited liability company and its managing member

By:   
Name: Jack Antonatos  
Its: Newport


IN WITNESS WHEREOF, this Subordination Agreement has been signed as of the date first written above.

**LENDER:  
BAYERISCHE HYPO-UND  
VEREINSBANK AG. NEW YORK  
BRANCH, AS A LENDER AND AGENT  
FOR OTHER LENDERS**

By: \_\_\_\_\_  
Name:

Its: \_\_\_\_\_  
Title:

**CITY OF CHICAGO**

By: Alicia Berger  
Its: \_\_\_\_\_ Commissioner,   
Department of Planning and  
Development

ACKNOWLEDGED AND AGREED TO THIS  
\_\_\_ DAY OF AUGUST, 2002

DEARBORN CENTER, L.L.C., a Delaware limited liability company

By: Prime/Beitler Development Company, L.L.C., a Delaware limited liability company and its sole member

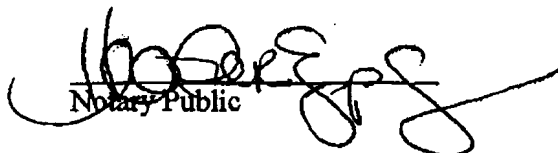
By: Penny Beitler, L.L.C. an Illinois limited liability company and its managing member

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

STATE OF NEW YORK )  
 ) SS  
COUNTY OF NEW YORK )

I, Heather Eppley, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY THAT Helga Bunn & Steh Lorenz, personally known to me to be the Director & Director of Bayerische Hypo- und Vereinsbank AG, New York Branch, a banking corporation organized under the laws of the Federal Republic of Germany ("HypoVereinsbank") 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/she signed, sealed and delivered said instrument, pursuant to the authority given to him/her by HypoVereinsbank, as his/her free and voluntary act and as the free and voluntary act of HypoVereinsbank, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 25<sup>th</sup> day of July, 2002.

  
Notary Public

My Commission Expires

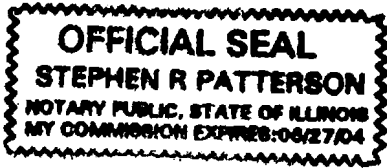
(SEAL)

HEATHER EPPLEY  
Notary Public, State of New York  
No. 31-01EP5053195  
Qualified in Queens County  
Commission Expires April 10, 2006

STATE OF ILLINOIS       )  
                                          ) SS  
COUNTY OF COOK       )

I, the undersigned, a notary public in and for the County and State aforesaid, DO  
HEREBY CERTIFY THAT Alice M. Berg, personally known to me to be the  
\_\_\_\_\_ Commissioner of the Department of Planning and Development of the  
City of Chicago, Illinois (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 as such \_\_\_\_\_ Commissioner, (S)he signed and delivered the said  
instrument pursuant to authority, as his/her free and voluntary act, and as the free and voluntary  
act and deed of said City, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 26<sup>th</sup> day of  
July, 2002.



Stephen R. Patterson  
Notary Public

(SEAL)

**EXHIBIT A**

**LEGAL DESCRIPTION OF PROPERTY LEASED**

LOTS 5,6,7 AND THAT PART OF LOT 8 LYING EAST OF THE EAST LINE OF DEARBORN STREET (EXCEPTING THEREFROM THE NORTH 9 FEET OF SAID LOTS TAKEN FOR ALLEY) IN BLOCK 141 IN SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

P.I.N.s:       17-16-213-012  
                  17-16-213-013  
                  17-16-213-014  
                  17-16-213-015

Commonly known as:

123-141 South Dearborn Street  
Chicago, Illinois 60604

**Cook County Recorder of Deeds**

**30356551**

**MAR 14 2003**

This agreement was prepared by  
and after recording return to:

Randall L. Johnson, Esq.  
City of Chicago Law Department  
121 North LaSalle Street, Room 600  
Chicago, IL 60602

**AMENDMENT TO DEARBORN CENTER REDEVELOPMENT AGREEMENT**

This Amendment to the Dearborn Center Redevelopment Agreement (the "Amendment") is made as of this 10<sup>th</sup> day of March, 2003, by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Planning and Development ("DPD"), and Dearborn Center, L.L.C., a Delaware limited liability company (the "Developer").

**RECITALS**

A. Original Agreement. A certain redevelopment agreement referred to therein as the Dearborn Center Redevelopment Agreement was (i) entered into by and between the City, acting through DPD, and the Developer as of August 1, 2002 and (ii) recorded in the land title records of Cook County, Illinois on August 5, 2002 as document no. 20855377.

B. Request to Refinance and Amend Certain Provisions. Pursuant to correspondence dated February 19, 2003, received February 20, 2003 and written pursuant to Section 8.01(j) of the Original Agreement, Developer has requested that the City (i) approve Developer's refinancing of the portion of the Lender Financing that was borrowed by Prime Beitler Development Company, L.L.C. from Bankers Trust Company and (ii) add LNR Eastern Lending, LLC to the lenders included in the definition of "Lender Financing" set forth in Section 2 of the Agreement. The City has agreed to the refinancing pursuant to correspondence of even date herewith sent to Developer.

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 Amendment by reference.

## SECTION 2. DEFINITIONS

For purposes of this Amendment, the following terms shall have the meanings set forth below rather than any meanings previously set forth in Section 2 of the Agreement:

"Lender Financing" shall mean funds borrowed by the Developer from a group of banks led by Bayerische Hypo-Und Vereinsbank AG, New York Branch and borrowed by Prime/Beitler Development Company, L.L.C. from a group of lenders led by LNR Eastern Lending, LLC all to pay for costs of the Project, in the amount set forth in Section 4.01 of the Agreement.

## SECTION 3. MISCELLANEOUS

Section 3.01 No Effect on Recording Priority of Agreement. The parties agree that entering into this Amendment shall have no effect on the recording priority of the Agreement and that this Amendment shall relate back to the date the Agreement was originally recorded in the land title records of Cook County, Illinois.

Section 3.02 No Change in Defined Terms. All capitalized terms not otherwise defined herein, shall have the same meaning as set forth in the Agreement.

Section 3.03 Other Terms in the Agreement Remain. All other provisions and terms of the Agreement shall remain unchanged.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK—SIGNATURE  
PAGE FOLLOWS]

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

Developer

DEARBORN CENTER, L.L.C., a Delaware limited liability company

By: Prime/Beitler Development Company, L.L.C., a Delaware limited liability company and its sole member

By: Penny Beitler L.L.C., an Illinois limited liability company and its managing member

By:

Name:

Its:

J.C. Ambrose  
Member

CITY

CITY OF CHICAGO, a municipal corporation, acting by and through its Department of Planning and Development

By:

Alicia Mazur Berg  
Alicia Mazur Berg  
Commissioner

STATE OF ILLINOIS     )  
                                          ) ss  
COUNTY OF COOK        )

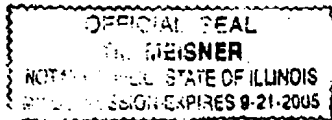
I, Kim Meisner, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that J.C. Ambrose, personally known to me to be the Member of Penny/Beitler L.L.C., an Illinois limited liability company and the managing member of Prime/Beitler Development Company, L.L.C., a Delaware limited liability company (the "Sole Member"), in its own capacity and in its capacity as the Sole Member of Dearborn Center, L.L.C. (the "Developer"), 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/he signed, sealed, and delivered said instrument, pursuant to the authority given to them by the Operative Agreement of the Sole Member, as her/his free and voluntary act and as the free and voluntary act of the Sole Member and the Developer, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 10<sup>th</sup> day of March, 2003.

Notary Public



My Commission Expires  
(SEAL)



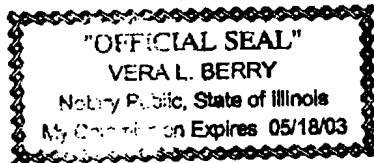
STATE OF ILLINOIS )

) ss

COUNTY OF COOK )

I, Vera L. Berry, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Alicia Mazur Berg, 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 instruments pursuant to the authority given to him by the City, as her free and voluntary act and as the free and voluntary acts of the City, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 10<sup>th</sup> day of MARCH, 2003.



Vera L. Berry  
Notary Public

My Commission Expires 5/18/03

(SEAL)

**Exhibit A**

**Legal Description**

LOTS 5, 6, 7, AND THAT PART OF LOT 8 LYING EAST OF THE EAST LINE OF DEARBORN STREET, (EXCEPTING THEREFROM THE NORTH 9 FEET OF SAID LOTS TAKEN FOR ALLEY) IN BLOCK 141 IN SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Tax Identification Numbers: 17-16-213-012-0000; 17-16-213-013-0000  
17-16-213-014-0000; 17-16-213-015-0000

Common Street Address: 131 South Dearborn Street, Chicago, Illinois

**Schedule I to Exhibit L**

Summary of Principal Terms

Legal Description: See Exhibit A attached hereto:

Street Address: 123-141 North Dearborn Street, Chicago, Illinois 60604

Description of Improvements: Approximately a 1.5 million square foot building consisting of 37 stories, plus an 11 story low-rise building along State Street

Current Use: Under Construction

Intended Use: Office, Retail and Parking

Buyer: Not applicable

Price: Not applicable

Lender: LNR Eastern Lending, L.L.C.

Proposed Closing Date: February 26, 2003

Other Material Terms of Sale or Refinancing: Refinancing of Mezzanine Debt in the amount of \$75,000,000.

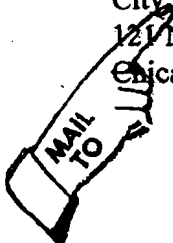
Calculation of Excess Funds (if any): None

This agreement was prepared by  
and after recording return to:

Randall L. Johnson, Esq.  
City of Chicago Law Department  
121 North LaSalle Street, Room 600  
Chicago, IL 60602



Doc#: 0328239079  
Eugene "Gene" Moore Fee: \$36.50  
Cook County Recorder of Deeds  
Date: 10/09/2003 11:19 AM Pg: 1 of 7



**SECOND AMENDMENT  
TO DEARBORN CENTER REDEVELOPMENT AGREEMENT**

This Second Amendment to the Dearborn Center Redevelopment Agreement (the "Amendment") is made as of this 3rd day of October, 2003, by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Planning and Development ("DPD"), and Dearborn Center, L.L.C., a Delaware limited liability company (the "Developer").

NNNT 01033123 59 ✓  
Tomi  
RECITALS

A. **Original Agreement.** A certain redevelopment agreement referred to therein as the Dearborn Center Redevelopment Agreement was (i) entered into by and between the City, acting through DPD, and the Developer as of August 1, 2002 and (ii) recorded in the land title records of Cook County, Illinois on August 5, 2002 as document no. 20855377, as amended by that certain Amendment to Dearborn Center Redevelopment Agreement (x) entered into by and between the City, acting through DPD, and the Developer, as of March 10, 2003, and (y) recorded in the land title records of Cook County, Illinois on March 14, 2003 as document no. 30356551.

B. **Request to Refinance and Amend Certain Provisions.** Pursuant to correspondence dated September 12, 2003, received September 12, 2003 and written pursuant to Section 8.01(j) of the Original Agreement, Developer has requested that the City (i) approve Developer's refinancing of the Lender Financing that was borrowed by Developer from Bayerische Hypo-und Vereinsbank AG, New York Branch, as Agent and the Lender Financing that was borrowed by Prime/Beitler Development Company, L.L.C. from LNR Dearborn, Inc., and (ii) add Landesbank Hessen-Thüringen Girozentrale to the lenders included in the definition of "Lender Financing" set forth in Section 2 of the Agreement. The City has agreed to the refinancing pursuant to correspondence of even date herewith sent to Developer.

C. **Admission of New Member.** Immediately prior to the refinancing referred to above, the Developer intends to admit a new member to Developer, UST XI Dearborn, Ltd, a Florida limited partnership ("UST"). Upon admission of UST as a new member, the Developer's two members will be Prime Group Realty, L.P. and UST.

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**

Near North National Title Corp  
222 North LaSalle Street  
Chicago, Illinois 60601



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

## SECTION 2. DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings set forth below rather than any meanings previously set forth in Section 2 of the Agreement:

"Lender Financing" shall mean funds borrowed by the Developer from Landesbank Hessen-Thüringen Girozentrale, to pay for costs of the Project.

## SECTION 3. NOTICES

The notice addresses for the Developer contained in Section 17 of the Agreement are hereby deleted and replaced with the following:

If to the  
Developer:                      Dearborn Center, L.L.C.  
                                         c/o Prime Group Realty Trust  
                                         77 W. Wacker Drive  
                                         Suite 3900  
                                         Chicago, Illinois 60601  
                                         Attention: Jeffrey A. Patterson  
                                         Fax: (312) 917-1597

With Copies To:                Prime Group Realty, L.P.  
                                         77 W. Wacker Drive  
                                         Suite 3900  
                                         Chicago, Illinois 60601  
                                         Attention: James F. Hoffman  
                                         Fax: (312) 917-1684

and

                                         Estein & Associates USA, Ltd.  
                                         5211 International Drive  
                                         Orlando, Florida 32819  
                                         Attention: Lothar Estein  
                                         Fax: (407) 354-3243

and

                                         Boose Casey Ciklin Lubitz Martens McBane & O'Connell  
                                         515 North Flagler Drive  
                                         18<sup>th</sup> Floor  
                                         West Palm Beach, Florida 33401  
                                         Attention: Dean Vegosen  
                                         Fax: (561) 820-0389



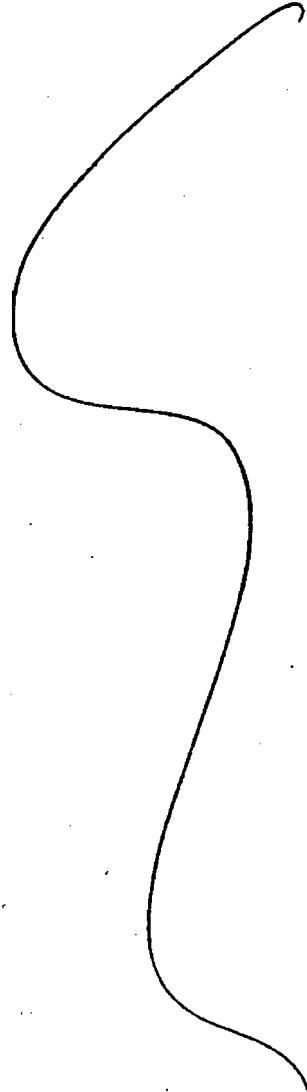
## SECTION 4. MISCELLANEOUS

Section 4.01 No Effect on Recording Priority of Agreement. The parties agree that entering into this Amendment shall have no effect on the recording priority of the Agreement and that this Amendment shall relate back to the date the Agreement was originally recorded in the land title records of Cook County, Illinois.

Section 4.02 No Change in Defined Terms. All capitalized terms not otherwise defined herein, shall have the same meaning as set forth in the Agreement.

Section 4.03 Other Terms in the Agreement Remain. All other provisions and terms of the Agreement shall remain unchanged.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK-SIGNATURE  
PAGE FOLLOWS]



STATE OF ILLINOIS        )  
                                          ) ss  
COUNTY OF COOK        )

I, Melita Strickland, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Jesse A. Patterson personally known to me to be the CA-President of Prime Group Realty Trust, a Maryland real estate investment trust (the "Trust"), in its capacity as the managing general partner of Prime Group Realty, L.P., a Delaware limited partnership, in its capacity as the sole member of Prime Dearborn, L.L.C., a Delaware liability company, in its capacity as the sole member of Dearborn Center, L.L.C. (the "Developer"), 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/he signed, sealed, and delivered said instrument, pursuant to the authority given to them by the CA-President of the Trust, as her/his free and voluntary act and as the free and voluntary act of the Trust and the Developer, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 09 day of October, 2003.

Notary Public



My Commission Expires 5-4-05  
(SEAL)

A large, stylized handwritten signature in black ink, which appears to be the name "Melita Strickland".