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FISHER BUILDING REDEVELOPMENT AGREEMENT

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BY AND BETWEEN

THE CITY OF CHICAGO

AND

343 SOUTH DEARBORN II, L.L.C.

78-13-337 DA 3

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

BOX 333-CT

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LIST OF EXHIBITS

Exhibit A	*Redevelopment Area
Exhibit B	*Property
Exhibit C	Restoration Work
Exhibit D	*TIF-Funded Improvements
Exhibit E	Redevelopment Plan
Exhibit F	Construction Contract
Exhibit G	Escrow Agreement
Exhibit H-1	*Project Budget
Exhibit H-2	*MBE/WBE Budget
Exhibit I	*Permitted Liens
Exhibit J	Approved Prior Expenditures
Exhibit K	Opinion of Developer's Counsel
Exhibit L	Junior Mortgage

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

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Prepared by and
after recording return to:
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City of Chicago Law Department
121 North LaSalle Street, Room 600
Chicago, IL 60602

FISHER BUILDING REDEVELOPMENT AGREEMENT

This Fisher Building Redevelopment Agreement (this "Agreement") is made as of this 11th day of June, 1999, by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Planning and Development ("DPD"), 343 South Dearborn I, L.L.C., an Illinois limited liability company, and 343 South Dearborn II, L.L.C., an Illinois limited liability company (jointly and severally, the "Developer").

RECITALS

A. Constitutional Authority: As a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois (the "State"), the City has the power to

regulate for the protection of the public health, safety, morals and welfare of its inhabitants, and pursuant thereto, has the power to encourage private development in order to enhance the local tax base, create employment opportunities and to enter into contractual agreements with private parties in order to achieve these goals.

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

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

D. The Project: Fisher Building, L.L.C., an Illinois limited liability company, has previously purchased that certain property located within the Redevelopment Area at 343 S. Dearborn Street, Chicago, Illinois 60604 and legally described on Exhibit B hereto (the "Property"). On the Closing Date, Fisher Building, L.L.C. will convey the Property to the Managing Member, which will then transfer the Property to 343 South Dearborn II, L.L.C., which, within the time frames set forth in Section 3.01 hereof, shall commence and complete rehabilitation and renovation of the existing office building ("Building"), which is listed on the National Register of Historic Places and is a designated City of Chicago Landmark, into a 184 residential rental units (at least 20% of which shall be "adaptable dwelling units" within the meaning of 71 Ill. Admin. Code §§400.210 and 400.350), first-floor retail space totaling approximately 6,275 sq. ft. and second-floor office or

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commercial space totaling approximately 8,200 sq. ft.. The retail space will be found at street level, the office or commercial space on the second level, and apartments and common amenities would be found on the 3rd to 21st floors. Approximately 17 units will be convertible/one-bedroom with one bathroom, 83 units will be one-bedroom with one bathroom, 48 units will be one-bedroom with a den/optional second bedroom with one bathroom, 28 units will be two-bedroom with two bathrooms, 4 units will be three-bedrooms with two bathrooms, and 4 penthouse units will be three-bedrooms with two bathrooms. Restoration of the Building will include facade cleaning, repairs, and replacement of terra cotta restoration of lobby and upper story common areas; rehabilitation or replacement of windows; restoration of the Van Buren and Dearborn Street entrances and ground floor storefronts; replacement of all mechanical systems; and the restoration work described on Exhibit C. In addition the Building will be brought up to fire code standards, vaulted sidewalks replaced or repaired, and additional improvements such as landscaping, flower boxes, awnings, special lighting, and signage acceptable to the City will be added. The rehabilitation and renovation of the Building and related improvements (including but not limited to those TIF-Funded Improvements as defined below and set forth on Exhibit D) 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 E, as amended from time to time.

F. City Financing: The City agrees to use, in the amounts set forth in Section 4.03 hereof, a portion of the proceeds of its City of Chicago Tax Increment Allocation Bonds (Central Loop Redevelopment Project), Series 1997, \$91,000,000 Taxable Series 1997B Bonds (the "Bonds") issued pursuant to an ordinance adopted by the City Council on June 30, 1997 (the "Bond Ordinance") to pay for or reimburse 343 South Dearborn I, L.L.C. for the costs of TIF-Funded Improvements pursuant to the terms and conditions of this Agreement. The City acknowledges that, for tax purposes, 343 South Dearborn I, L.L.C. will treat the City's payment to 343 South

Dearborn I, L.L.C. as a non-member or non-shareholder contribution to capital under Internal Revenue Code §118, as amended.

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:

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

"Architect" shall mean Pappageorge Haymes, Ltd., an Illinois corporation.

"Bond Ordinance" shall mean the City ordinance authorizing the issuance of the Bonds.

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

"Change Order" shall mean any amendment or modification to the Scope Drawings, Plans and Specifications or the Project Budget as described in Section 3.02, Section 3.03 and Section 3.04, respectively.

"City Funds" shall mean the funds described in Section 4.03(b) hereof, as the same may be reduced as described in Section 4.03 and Section 7.01.

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

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

"Construction L/C" shall mean an irrevocable, direct pay letter of credit with a declining principal balance as described in this Agreement issued by a financial institution and in a form acceptable to the City naming the City as the sole beneficiary, providing by its terms for payment to the City upon the City's submission of a certificate stating that the City is entitled to draw upon such Construction L/C under the terms of this Agreement. The Construction L/C shall be in the initial principal amount of \$6,600,000. Upon the Developer's delivery to the City of written evidence of Part II approval from the National Park Service and the Illinois State Historic Preservation Agency and the City's review and approval of such written evidence, the principal balance of the Construction L/C shall decline by an amount equal to the City's Deemed Pro Rata Share of all approved draw requests under the Escrow prior to such delivery date. Thereafter, the principal amount of the Construction L/C may decline after the payment of each subsequent approved draw request by an amount equal to the City's Deemed Pro Rata Share of each such approved draw request (which approvals shall require, among other things, evidence acceptable to DPD of the Developer's compliance with its MBE/WBE utilization obligations under this Agreement). Upon the issuance of the City's Certificate, the Construction L/C may be terminated. The City and the Developer shall provide a joint written direction to the issuer of the Construction L/C to advise such issuer of the incremental declines provided for under this definition at the time of each such decline.

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

"Dark Days Covenant Commencement Date" shall mean, with respect to (a) the residential apartments, the first date on which at least eighty-five percent (85%) of such units (by number) are leased, and (b) the ground floor commercial space, the first date

on which at least fifty percent (50%) of such space (by square footage) is leased.

"Deemed Pro Rata Share" shall mean (a) the product of (i) a fraction, the numerator of which is 6,600,000 and the denominator of which is sum of the principal amount of the Tax Credit Equity, Rental Income, Lender Financing and Maximum City Funds, as set forth in Section 4.01, and (ii) the amount of any given draw request under the Escrow, less (b) fifteen percent (15%) of the amount in clause (a).

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

"Engineers" shall mean Desmond Associates, a division of Desmond, Inc., an Illinois corporation.

"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.

"Equity" shall mean funds of the Developer (other than funds derived from Lender Financing, Tax Credit Equity or Rental Income) irrevocably available for the Project, in the amount set forth in Section 4.01 hereof, which amount may be increased pursuant to Section 4.06.

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

"Escrow Agreement" shall mean the Escrow Agreement governing the construction escrow by and between the City, the Title Company (or an affiliate of the Title Company), the Developer and Lender, substantially in the form of Exhibit G attached hereto.

"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 date on which the City issues the Certificate.

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

"Fire Protection Consultant" shall mean Rolf Jensen & Associates, an Illinois corporation.

"General Contractor" shall mean BABCO Construction, Inc., a West Virginia corporation.

"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.

"Historic Architect" shall mean Eifler & Associates Architects, an Illinois corporation.

"Junior Mortgage" shall mean a Junior Construction Mortgage substantially in the form of Exhibit L, with such changes as may be approved by DPD and Corporation Counsel, executed by the Developer as, mortgagor, in favor of the City, as mortgagee, securing certain of the Developer's obligations under this Agreement. The Junior Mortgage shall be a second mortgage unless the Lender Financing includes two separate mortgage loans, in which event the Junior Mortgage may be a third mortgage.

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"Lender" shall mean, prior to the issuance of the Certificate, LaSalle National Bank, its successors and assigns, which is providing the construction financing for the project. After the issuance of the Certificate, the term "Lender" shall also include a financial institution, insurance company or other lender providing replacement Lender Financing, as defined below.

"Lender Financing" shall mean (a) funds borrowed by the Developer from the Lender and irrevocably available to pay for costs of the rehabilitation and renovation of the Project, in the amount set forth in Section 4.01 hereof, and (b) any replacement permanent financing for the Project, provided (i) the principal amount of such replacement permanent financing does not in aggregate exceed an amount equal to the difference between the actual Project costs as of such refinancing date and the maximum City Funds) and, (ii) the City grants its prior written consent to such replacement lender, which consent shall not be unreasonably withheld or delayed.

"Managing Member" shall mean 343 South Dearborn I, L.L.C., an Illinois limited liability company, the members of which shall at all times be Harold Lichterman, Geraldine Lichterman, Wayne Moretti and Ronald Benach, except as permitted under Section 8.01(1).

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

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

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

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

"Non-Managing Member" shall mean First Union Development Corporation, and/or one or more entities indirectly owned and controlled by it, or such other non-managing members as shall be

acceptable to DPD, which shall be the sole non-managing members of the Developer and provider(s) of the Tax Credit Equity.

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

"Other Covenants" shall mean representations, warranties and covenants set forth in the following sections of the Redevelopment Agreement: the transfer restrictions in Sections 8.01(d), (l), (m) and (o) and Section 18.15; the prevailing wage requirements in Section 8.09; the employment opportunity, and MBE/WBE utilization requirements in Section 8.07 and Sections 10.01, and 10.03; and the financing restrictions inherent in the definition of Lender Financing and in Sections 8.01(d), (j) and (n) and Section 16.

"Payment L/C" shall mean an irrevocable, direct pay letter of credit issued by a financial institution and in a form acceptable to DPD, in its sole discretion, naming the City as the sole beneficiary, providing by its terms for payment to the City upon the City's submission of a certificate stating that the City is entitled to draw upon such Payment L/C under the terms of this Agreement. The Payment L/C shall be in an amount equal to the greater of (a) 2.62% of the Project Budget amount (with any increase in such Project Budget to result in an increase in the Payment L/C amount), or (b) the Developer's initial development fee, as set forth in such Project Budget (but excluding any deferred development fee, if any). The Payment L/C shall by its terms renew annually throughout the Term of this Agreement, provided that the issuer may elect to not renew such Payment L/C by giving the City written notice of such election at least thirty (30) days prior to the expiry date, in which case the Developer shall deliver a replacement Payment L/C to the City at least ten (10) business days prior to such expiry date.

"Performance Covenants" shall mean the covenants running with and affecting the Land set forth in Sections 8.01(o), 8.02, 8.19 and 8.20 of this Agreement.

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

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"Plans and Specifications" shall mean final construction documents containing working drawings and specifications for the Project, including, without limitation, construction drawings, landscaping plans, signage plans, the work described in Exhibit C, accessibility plans, ornamentation studies and plans and terra cotta studies.

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

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

"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.

"Rent Stabilization Date" shall mean the date on which both at least eighty-five percent (85%) of the apartment units (by number) have been leased, and (b) fifty percent (50%) of the ground floor commercial space (by square footage) has been leased.

"Rental Income" shall mean net income derived from the Developer's operation of the Project prior to the City's issuance of a Certificate, which shall be a source of funds for Project costs as described Section 3.03 and in the amount set forth in Section 4.01.

"Scope Drawings" shall mean preliminary schematic drawings and construction documents describing the proposed rehabilitation and restoration work and including drawings and specifications for the Project.

"Survey" shall mean a Class 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 and the Title Company, prepared by a surveyor registered in the State of Illinois, certified to the City and the Title Company, and indicating whether the Property is in a flood hazard area as identified by the United States Federal

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Emergency Management Agency (and any updates thereof to reflect improvements to the Property required by the Lender).

"Tax Credit Equity" shall mean funds of the Developer derived from the syndication of Historic Tax Credits relating to the Project irrevocably available for the Project, in the amount set forth in Section 4.01 hereof, of which approximately (a) \$300,000 shall be funded on the Closing Date, (b) \$4,250,000 shall be funded no later than March 31, 2001, and (c) \$450,000 shall be funded upon the later to occur of (i) Part III approval by the National Park Service, (ii) closing of permanent Lender Financing, and (iii) the date of the funding described in the preceding clause, but in no event shall the later of (i), (ii) and (iii) be later than June 30, 2001.

"Term of the Agreement" shall mean the period of time commencing on the Closing Date and ending on the date on which the Redevelopment Area is no longer in effect.

"Terra Cotta Consultant" shall mean McClier Corporation, a Delaware corporation, and specifically, T. Gunny Harboe, the director of its Preservation Group.

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

"Title Company" shall mean Chicago Title Insurance Company.

"Title Policy" shall mean an ALTA mortgagee's loan policy of title insurance issued by the Title Company showing fee simple title in the Developer, naming the City as the insured mortgagee and in the amount of the City Funds paid to the Developer on the Closing Date. The Title Policy shall note 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.

"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. The Developer shall, pursuant to the Plans and Specifications and subject to the provisions of Section 18.17 hereof: (i) commence rehabilitation and renovation no later than June 1, 1999; (ii) complete rehabilitation and renovation no later than December 31, 2000; (iii) receive Part III approval from the National Park Service no later than March 31, 2001; and (iv) cause the Rent Stabilization Date to be no later than December 31, 2002.

3.02 Scope Drawings and Plans and Specifications. The Developer has delivered the Scope Drawings to DPD and the Commission on Chicago Landmarks and DPD and the Commission on Chicago Landmarks have approved same. The Developer shall also deliver the Plans and Specifications to DPD and the Commission on Chicago Landmarks for review and approval. After such initial approval, subsequent proposed changes to Plans and Specifications shall be submitted to DPD as a Change Order pursuant to Section 3.04 hereof. The Scope Drawings and Plans and Specifications shall at all times conform to the Redevelopment Plan as amended from time to time and all applicable federal, state and local laws, ordinances and regulations. The Developer shall submit all necessary documents to the City's Building Department, Department of Transportation and such other City departments or governmental authorities as may be necessary to acquire building permits and other required approvals for the Project.

3.03 Project Budget. The Developer has furnished to DPD, and DPD has approved, a Project Budget showing total costs for the Project in an amount not less than Thirty-Three Million Eight Hundred Eighty Thousand Seven Hundred Ninety-Three Dollars (\$33,880,793). The Developer hereby certifies to the City that (a) the City Funds, together with the Lender Financing, Equity, Tax Credit Equity and Rental Income shall be sufficient to complete the Project, and (b) the Project Budget is true, correct and complete in all material respects. The Developer shall promptly deliver to

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

3.04 Change Orders. Except as provided below, all Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project must be submitted by the Developer to DPD concurrently with the progress reports described in Section 3.07 hereof. The Developer shall not authorize or permit the performance of any work relating to any Change Order or the furnishing of materials in connection therewith prior to the receipt by the Developer of DPD's written approval. The Construction Contract, and each contract between the General Contractor and any subcontractor, shall contain a provision to this effect. An approved Change Order shall not be deemed to imply any obligation on the part of the City to increase the amount of City Funds which the City has committed pursuant to this Agreement or provide any other additional assistance to the Developer. Notwithstanding anything to the contrary in this Section 3.04, Change Orders costing less than One Hundred Thousand Dollars (\$100,000.00) each, to an aggregate amount of Two Hundred Fifty Thousand Dollars (\$250,000.00), do not require DPD's prior written approval as set forth in this Section 3.04, but DPD shall be notified in writing of all such Change Orders prior to the implementation thereof and the Developer, in connection with such notice, shall identify to DPD the source of funding therefor.

3.05 DPD Approval. Any approval granted by DPD of the Scope Drawings, Plans and Specifications and the Change Orders is for the purposes of this Agreement only and does not affect or constitute any approval required by any other City department or pursuant to any City ordinance, code, regulation or any other governmental approval, nor does any approval by DPD pursuant to this Agreement constitute approval of the quality, structural soundness or safety of the Property or the Project.

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 hereof. The Developer shall not commence construction of the Project until the Developer has obtained all necessary permits and approvals including, but not limited to, DPD's and the Commission on Chicago Landmark's approval of the Plans and Specifications, evidence of the Developer's (or the General Contractor's) having

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met with at least 4 MBE/WBE contractor associations prior to the Closing Date, and evidence of the General Contractor's and each subcontractor's bonding as required hereunder.

3.07 Progress Reports and Survey Updates. The Developer shall provide DPD with written monthly progress reports detailing the status of the Project, including a revised completion date, if necessary (with any change in completion date being considered a Change Order, requiring DPD's written approval pursuant to Section 3.04), and the status of the Developer's tenant relocation efforts. The Developer shall provide three (3) copies of any updated Survey to DPD upon the request of DPD.

3.08 Inspecting Agent or Architect. An independent agent or architect (other than the Developer's architect) approved by DPD shall be selected to act as the inspecting agent or architect, at the Developer's expense, for the Project. The inspecting agent or architect shall perform periodic inspections with respect to the Project, providing certifications with respect thereto to DPD, prior to requests for disbursement for costs related to the Project pursuant to the Escrow Agreement.

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

3.10 Signage and Public Relations. The Developer shall erect a sign of size and style approved by the City in a conspicuous location on the Property during the Project, indicating that financing has been provided by the City and that the Building is a Chicago landmark. 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. After the issuance of the City's Certificate, DPD shall also have the right to approve any changes in signage that are inconsistent with the original signage approved for the Project.

3.11 Utility Connections. The Developer may connect all on-site water, sanitary, storm and sewer lines constructed on the Property to City utility lines existing on or near the perimeter of the Property, provided the Developer first complies with all City requirements governing such connections, including the payment of customary fees and costs related thereto.

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

SECTION 4. FINANCING

4.01 Total Project Cost and Sources of Funds. The cost of the Project is estimated to be \$33,880,973, 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 4.06</u>)	\$ 2,975,185
Tax Credit Equity	5,000,000
Rental Income	1,205,788
Lender Financing	18,100,000
Maximum City Funds (subject to <u>Section 7.01</u>)	6,600,000
ESTIMATED TOTAL	\$ 33,880,973

4.02 Developer Funds. Equity, Tax Credit Equity, Rental Income and/or Lender Financing may be used to pay any Project cost, including but not limited to Redevelopment Project Costs.

4.03 City Funds.

(a) Uses of City Funds. City Funds may be used to pay directly or reimburse 343 South Dearborn I, L.L.C. only for costs of TIF-Funded Improvements that constitute Redevelopment Project Costs. Exhibit D sets forth, by line item, the TIF-Funded Improvements for the Project, and the maximum amount of costs that may be paid by or reimbursed from City Funds for each line item therein (subject to Section 4.05(d)), contingent upon receipt by

the City of documentation satisfactory in form and substance to DPD evidencing such cost and its eligibility as a Redevelopment Project Cost.

(b) Sources of City Funds. Subject to the terms and conditions of this Agreement, including but not limited to this Section 4.03 and Section 7.01 hereof, the City hereby agrees to pay 343 South Dearborn I, L.L.C. on the Closing Date the amount described below (the "City Funds") for the previously incurred cost of the TIF-Funded Improvements:

<u>Source of City Funds</u>	<u>Maximum Amount</u>
Bond Proceeds	\$6,600,000

Notwithstanding such payment, the total amount of City Funds shall be an amount not to exceed the lesser of Six Million Six Hundred Thousand Dollars (\$6,600,000) or Twenty and 30/100 percent (20.30%) of the actual total Project costs. If the City Funds paid on the Closing Date subsequently turn out to be an amount greater than 20.30% of the actual total Project costs, the Developer shall make the payment described in Section 7.01.

(c) Conditional Grant of City Funds. The City Funds provided hereunder are being provided to 343 South Dearborn I, L.L.C. on the Closing Date on a conditional basis subject to the Developer's compliance with the requirements of this Agreement.

4.04 Construction Escrow. The City and the Developer hereby agree to enter into the Escrow Agreement, to which the Lender and the Title Company (or its affiliate) shall also be parties. All disbursements of Project funds (except for the Prior Expenditures, including any acquisition costs, which may be disbursed directly to the Developer outside of the Escrow) shall be made through the funding of draw requests pursuant to the Escrow Agreement and this Agreement. In case of any conflict between the terms of this Agreement and the Escrow Agreement, the terms of this Agreement shall control.

4.05 Treatment of Prior Expenditures and Subsequent Disbursements.

(a) Prior Expenditures. Only those expenditures made by the Developer with respect to the Project prior to the Closing Date, evidenced by documentation satisfactory to DPD and approved by DPD as satisfying costs covered in the Project Budget, shall be considered previously contributed Equity or Lender Financing hereunder (the "Prior Expenditures"). DPD shall have the right, in its sole discretion, to disallow any such expenditure as a Prior Expenditure. Exhibit J hereto sets forth the prior expenditures approved by DPD as of the date hereof as Prior Expenditures. Prior Expenditures made for items other than TIF-Funded Improvements shall not be reimbursed to the Developer, but shall reduce the amount of Equity and/or Lender Financing required to be contributed by the Developer pursuant to Section 4.01 hereof.

(b) Purchase of Property. A portion of the purchase price of the Property, exclusive of transaction costs, in an amount not to exceed \$6,600,000, shall be reimbursed to the Developer from City Funds on the Closing Date as a TIF-Funded Improvement.

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

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

SECTION 5. CONDITIONS PRECEDENT

The following conditions shall be complied with to the City's satisfaction within the time periods set forth below or, if no time period is specified, at least five (5) business days prior to the Closing Date:

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

5.02 Scope Drawings and Plans and Specifications. The Developer shall have submitted to DPD and the Commission on Chicago Landmarks, and DPD and the Commission on Chicago Landmarks have approved, the Scope Drawings and 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 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 (including, without limitation, copies of all financing and tax credit documents) that the Developer has Equity, Tax Credit Equity and Lender Financing in the amounts set forth in Section 4.01 hereof committed to complete the Project and satisfy its obligations under this Agreement. If a portion of such funds consists of Lender Financing or Tax Credit Equity, the Developer shall have furnished proof as of the Closing Date that such funds are available to be drawn upon by the Developer as needed and are sufficient (along with other sources set forth in Section 4.01) to complete the Project. Any Lender liens against the Property in existence at the Closing Date shall be subordinated to certain encumbrances of the City set forth herein pursuant to a Subordination Agreement, in a form acceptable to the City, executed on or prior to the Closing Date, which is to be recorded, at the expense of the Developer, with the Office of the Recorder of Deeds of Cook County.

5.05 Acquisition and Title. On the Closing Date, the Developer shall furnish the City with a copy of the Title Policy for the Property. The Title Policy shall be dated as of the Closing Date and shall contain only those title exceptions listed as Permitted Liens on Exhibit I hereto and shall evidence the recording of this Agreement pursuant to the provisions of Section 8.18 hereof. The Title Policy shall also contain such endorsements as shall be required by Corporation Counsel, including but not limited to a comprehensive endorsement and satisfactory endorsements regarding zoning (3.1 with parking), contiguity,

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location, access, survey and waiver of creditor's rights. The Developer shall provide to DPD, prior to the Closing Date, documentation related to the purchase of the Property by Fisher Building, L.L.C. and certified copies of all easements and encumbrances of record with respect to the Property not addressed, to DPD's satisfaction, by the Title Policy and any endorsements thereto.

5.06 Evidence of Clean Title. The Developer, at its own expense, shall have provided the City with current searches in its name, the Managing Member's name and in the name of each of the members of the Managing Member as follows:

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

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

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

5.08 Insurance. The Developer, at its own expense, shall have insured the Property in accordance with Section 12 hereof and shall have delivered to DPD the certificates required pursuant to Section 12 hereof evidencing the required coverages.

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

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Exhibit K hereto, such opinions shall be obtained by the Developer from its general corporate counsel.

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

5.11 Financial Statements. Not less than twenty (20) business days prior to the Closing Date, the Developer shall have provided Financial Statements for Fisher Building, L.L.C. to DPD for the 1998 fiscal year, and unaudited interim or opening financial statements for Fisher Building, L.L.C., the Managing Member and the Developer, and such other financial statements as the Developer may submit to the Lender.

5.12 Documentation. The Developer shall have provided documentation to DPD, satisfactory in form and substance to DPD, in its sole discretion, including, without limitation, (a) with respect to current employment matters, a General Contractor's sworn statement identifying which subcontractors are MBE/WBE certified and an owner's sworn statement, and (b) with respect to subcontractors retained to work on the terra cotta facade (the selection of which shall be subject to the approval of DPD and the Commission on Chicago Landmarks), a copy of the applicable subcontract and evidence of such subcontractor's experience in restoring terra cotta facades.

5.13 Environmental and Accessibility Audits. Not less than twenty (20) business days prior to the Closing Date, the Developer shall have provided DPD with copies of any phase I environmental and accessibility audits completed with respect to the Property. Based on the City's review of the phase I environmental audit(s), the City may, in its sole discretion, require the completion of a phase II environmental audit with respect to the Property prior to the Closing Date. The City reserves the right to terminate negotiations with respect to this Agreement if, in the City's view, such audits reveal the existence of material environmental or accessibility problems that will not be cured by the rehabilitation and renovation work. Prior to the Closing Date, the Developer shall provide the City with a letter from the consultant(s) who completed such audit(s), authorizing the City to rely on such audit(s).

5.14 Corporate Documents. The Developer shall provide a copy of the Managing Member's Articles of Organization and the Developer's and the Non-Managing Member's Articles of Incorporation, containing the original certification of the Secretary of State of Illinois (or such other state as may be applicable); certificates of good standing or existence from the Secretary of State of Illinois and all other states in which the Managing Member, the Developer and the Non-Managing Member are qualified to do business; a managing member's certificates in such form and substance as the Corporation Counsel may require, attaching copies of the Managing Member's operating agreement and the Developer's and Non-Managing Member's operating agreement and bylaws, respectively, any required resolutions or consents, a listing of the members or shareholders of the Managing Member, the Non-Managing Member and Developer (and any upper-tier owners of such entities) and their respective ownership interests, and an incumbency certificate with specimen signatures; and such other organizational documentation as the City may request.

5.15 Litigation. The Developer shall provide to Corporation Counsel and DPD a description of all pending or threatened litigation or administrative proceedings involving the Developer, the Developer's members, the members of the Managing Member or Fisher Building, L.L.C., specifying, in each case, the amount of each claim, an estimate of probable liability, the amount of any reserves taken in connection therewith and whether (and to what extent) such potential liability is covered by insurance.

5.16 Construction L/C. The Developer shall have delivered to the City the Construction L/C.

5.17 Payment L/C. The Developer shall have delivered to the City the Payment L/C.

5.18 Junior Mortgage. The Developer shall have delivered to the City the Junior Mortgage and such financing statements as the City may reasonably require.

5.19 Historic Tax Credit Approvals. The Developer shall have delivered to the City evidence of Part I approval from the National Park Service.

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5.20 Relocation Plan. The Developer shall have delivered, and DPD shall have approved, a tenant relocation plan relating to the relocation and termination of leases of the existing tenants in the Building.

5.21 Preconditions of Draw Requests. Prior to each disbursement of funds from the Escrow, the Developer shall submit documentation of such expenditures to DPD, which shall be satisfactory to DPD in its sole discretion. Delivery by the Developer of any draw request under the Escrow shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such draw request, that:

(a) the total amount of the draw request represents the actual cost of the acquisition or the actual amount payable to (or paid to) the General Contractor and/or subcontractors who have performed work on the Project, and/or their payees;

(b) all amounts shown as previous payments on the current draw request have been paid to the parties entitled to such payment;

(c) the Developer has approved all work and materials for the current draw request, and such work and materials conform to the Plans and Specifications and Exhibit C;

(d) the representations and warranties contained in this Redevelopment Agreement are true and correct and the Developer is in compliance with all covenants contained herein;

(e) the Developer has received no notice and has no knowledge of any liens or claim of lien either filed or threatened against the Property except for the Permitted Liens;

(f) no Event of Default or condition or event which, with the giving of notice or passage of time or both, would constitute an Event of Default exists or has occurred; and

(g) the Project is in balance. The Project shall be deemed to be in balance ("In Balance") only if the total of the available Project funds equals or exceeds the aggregate of the amount necessary to pay all unpaid Project costs incurred or to be

incurred in the completion of the Project. "Available Project Funds" as used herein shall mean: (i) the undisbursed Lender Financing, if any; (ii) the unfunded Equity, (iii) the unfunded Tax Credit Equity, (iv) the Rental Income, and (v) any other amounts deposited by the Developer pursuant to this Agreement. The Developer hereby agrees that, if the Project is not In Balance, the Developer shall, within 10 days after a written request by the City, deposit with the City or the escrow agent, cash in an amount that will place the Project In Balance, which deposit shall first be exhausted before any further disbursement from the Escrow shall be made and the Developer shall be entitled to all interest on any such deposit.

The City shall have the right, in its discretion, to require the Developer to submit further documentation as the City may require in order to verify that the matters certified to above are true and correct, and any approval of the request by the City shall be subject to the City's review and approval of such documentation and its satisfaction that such certifications are true and correct. In addition, the Developer shall have satisfied all other preconditions of funds from the Escrow, including but not limited to requirements set forth in the Bond Ordinance, the Bonds and related Bond documents, the TIF Ordinances, this Agreement and/or the Escrow Agreement.

SECTION 6. AGREEMENTS WITH CONTRACTORS

6.01 Bid Requirement for General Contractor and Subcontractors. (a) Except as set forth in Section 6.01(b) below, prior to entering into an agreement with a General Contractor or any subcontractor for construction of the Project, the Developer shall solicit, or shall cause the General Contractor to solicit, bids from qualified contractors eligible to do business with the City of Chicago, and shall submit all bids received to DPD for its inspection and written approval. (i) For the TIF-Funded Improvements, the Developer shall select the General Contractor (or shall cause the General Contractor to select the subcontractor) submitting the lowest responsible bid who can complete the Project in a timely manner. If the Developer selects a General Contractor (or the General Contractor selects any subcontractor) submitting other than the lowest responsible bid for the TIF-Funded Improvements, the difference between the lowest responsible bid and

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the bid selected may not be paid out of City Funds. (ii) For Project work other than the TIF-Funded Improvements, if the Developer selects a General Contractor (or 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 4.03(b) hereof. The Developer shall submit copies of the Construction Contract to DPD in accordance with Section 6.02 below. Photocopies of all subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) business days of the execution thereof. The Developer shall ensure that the General Contractor shall not (and shall cause the General Contractor to ensure that the subcontractors shall not) begin work on the Project until the Plans and Specifications have been approved by DPD and the Commission on Chicago Landmarks and all requisite permits have been obtained.

(b) If, prior to entering into an agreement with a General Contractor for construction of the Project, the Developer does not solicit bids pursuant to Section 6.01(a) hereof, then the fee of the General Contractor shall be limited to 10% of the total amount of the Construction Contract. Except as explicitly stated in this paragraph, all other provisions of Section 6.01(a) shall apply, including but not limited to the requirement that the General Contractor shall solicit competitive bids from all subcontractors.

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

6.03 Performance and Payment Bonds. Prior to commencement of rehabilitation of any portion of the Project, the Developer shall require that the General Contractor be bonded for its performance

and payment by sureties having an AA rating or better using American Institute of Architect's Form No. A311 or its equivalent. The City shall be named as obligee or co-obligee on such bond. Prior to the commencement by the General Contractor or any subcontractor of work in the public way, the General Contractor and any such subcontractor shall comply with the licensing, letter of credit, insurance and bonding, and other requirements applicable under the Municipal Code.

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

SECTION 7. COMPLETION OF CONSTRUCTION OR REHABILITATION

7.01 Certificate of Completion of Rehabilitation. After (a) completion of the rehabilitation and renovation of the Project in accordance with the terms of this Agreement, (b) the final disbursement from the Escrow, and (c) issuance of Part III approval by the National Park Service, and upon the Developer's written request, DPD shall issue to the Developer a Certificate in recordable form certifying that the Developer has fulfilled its obligation to complete the Project in accordance with the terms of this Agreement. The Certificate shall only concern the physical rehabilitation and renovation work. DPD shall respond to the Developer's written request for a Certificate within thirty (30) days by issuing either a Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed, and the measures which must be taken by the Developer in order to obtain

the Certificate. The Developer may resubmit a written request for a Certificate upon completion of such measures. In the event that the City Funds previously paid to the Developer exceed 20.30% of the final Project Budget amount, then, as a condition precedent to the issuance of such Certificate, the City shall require the Developer to pay the City the difference between the City Funds previously paid to the Developer and an amount equal to 20.30% of the final Project Budget amount.

7.02 Effect of Issuance of Certificate; Continuing Obligations. The Certificate relates only to the rehabilitation and renovation of the Project, and upon its issuance, the City will certify that the terms of the Agreement specifically related to the Developer's obligation to complete such activities have been satisfied. After the issuance of a Certificate, however, all executory terms and conditions of this Agreement and all representations and covenants contained herein will continue to remain in full force and effect throughout the Term of the Agreement as to the parties described in the following paragraph, and the issuance of the Certificate 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 Section 8.01(o), 8.02, 8.19, and 8.20 shall be covenants that run with the land are the only covenants in this Agreement intended to be binding upon any transferee of the Property (including an assignee as described in the following sentence) throughout the Term of the Agreement notwithstanding the issuance of a Certificate. The other executory terms of this Agreement that remain after the issuance of a Certificate shall be binding only upon the Developer or a permitted assignee of the Developer who, pursuant to Section 18.15 of this Agreement, has contracted to take an assignment of the Developer's rights under this Agreement and assume the Developer's liabilities hereunder.

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

(a) the right to terminate this Agreement, draw on the Construction L/C and the Payment L/C and exercise its rights and remedies under the Junior Mortgage;

(b) the right (but not the obligation) to complete those TIF-Funded Improvements that are public improvements and to pay for the costs of TIF-Funded Improvements (including interest costs) out of City Funds or other City monies. In the event that the aggregate cost of completing the TIF-Funded Improvements exceeds the amount of City Funds available pursuant to Section 4.01, the Developer shall reimburse the City for all reasonable costs and expenses incurred by the City in completing such TIF-Funded Improvements in excess of the available City Funds; and

(c) the right to seek reimbursement of the City Funds from the Developer, provided that the City is entitled to rely on an opinion of counsel that such reimbursement will not violate any Bond documents.

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

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

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

(a) the Developer is an Illinois limited liability company, the Managing Member is an Illinois limited liability company, and the Non-Managing Member is a North Carolina corporation and each is duly organized, validly existing, and, except for the Non-Managing Member, is qualified to do business in Illinois, and each is licensed to do business in any other state where, due to the nature of its activities or properties, such qualification or license is required;

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

(c) the execution, delivery and performance by the Managing Member and the Developer of this Agreement has been duly authorized by all necessary limited liability company action, and does not and will not violate the Developer's or the Managing Member's respective Articles of Organization or operating agreement, as the same may have been amended and supplemented, any applicable provision of law, or constitute a breach of, default under or require any consent under any agreement, instrument or document to which the Developer, the Managing Member or Fisher Building, L.L.C. is now a party or by which the Developer, the Managing Member, Fisher Building, L.L.C. or the Property is now or may become bound;

(d) unless otherwise permitted pursuant to the terms of this Agreement, the Developer shall acquire on the Closing Date and thereafter maintain good, indefeasible and merchantable fee simple title to the Property free and clear of all liens (except for the Permitted Liens, Lender Financing 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) there are no actions or proceedings by or before any court, governmental commission, board, bureau or any other administrative agency pending, or, to the knowledge of Developer, threatened or affecting the Developer, the Managing Member, Fisher Building, L.L.C. or the Property which would impair its ability to perform under this Agreement;

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

(h) neither the Developer, the Managing Member nor Fisher Building, L.L.C. is in default with respect to any indenture, loan agreement, mortgage, deed, note or any other agreement or

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instrument related to the borrowing of money to which such entity is a party or by which such entity or the Property is bound;

(i) the Financial Statements are, and when hereafter required to be submitted will be, complete, correct in all material respects and accurately present the assets, liabilities, results of operations and financial condition of 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) neither Fisher Building, L.L.C. nor the Developer has incurred, and, prior to the issuance of a Certificate, shall not, without the prior written consent of the Commissioner of DPD, allow the existence of any liens against the Property other than the Permitted Liens; or 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;

(k) neither Fisher Building, L.L.C., the Developer nor the Managing Member, nor any of such entity's members has made or caused to be made, directly or indirectly, any payment, gratuity or offer of employment in connection with this Agreement or any contract paid from the City treasury or pursuant to City ordinance, for services to any City agency ("City Contract") as an inducement for the City to enter into the Agreement or any City Contract with the Developer in violation of Chapter 2-156-120 of the Municipal Code;

(l) prior to the Fifth Anniversary Date, neither the Developer nor the Managing Member shall do any of the following without the prior written consent of DPD: (1) be a party to any merger, liquidation or consolidation; (2) directly or indirectly sell, transfer, convey, lease (except in the ordinary course of business) 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), or permit any transfer of its membership interests (or the beneficial ownership of any such interests) to any non-member, provided, however, that the Morgan Group, Inc. may be admitted as a non-managing member of the Managing Member (any such transfer, a "Transfer") and members of the Managing Member may transfer membership interests to a personal trust controlled by such member

for estate planning purposes; (3) enter into any transaction outside the ordinary course of the Developer's business; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity; or (5) enter into any transaction that would cause a material and detrimental change to the Developer's financial condition; or (6) permit any individual other than Harold Lichterman, Wayne Moretti or Ronald Benach to be the managing member of the Managing Member;

(m) after the Fifth Anniversary Date, the Developer will not Transfer the Property or permit a Transfer to occur, without the City's prior written consent, which consent shall not be unreasonably withheld or delayed, but which may reasonably be withheld if the proposed transferee or any affiliate thereof, or any property directly or beneficially owned by the proposed transferee or such affiliate, (1) is in violation of any City ordinances or other legal requirements, (2) is involved in litigation with the City, (3) is unable or unwilling to provide a substitute Payment L/C and Junior Mortgage and accept an assignment of any unperformed obligations of the developer under the Redevelopment Agreement, or (4) has a creditworthiness that is unacceptable to the City. For purposes of the preceding sentence, an "affiliate" shall include any entity or person which would be required to complete a City Economic Disclosure Statement ("EDS") if the proposed transferee completed an EDS at the time of the transfer (regardless of whether such transferee is required to complete such an EDS);

(n) after the issuance of a Certificate, the Developer will not obtain financing that does not constitute Lender Financing (whether secured or unsecured) without the City's prior written consent, which consent shall be in the City's sole discretion;

(o) during the Term of this Agreement, the Developer and each successor to the Developer's interest in the Property shall lease all 184 units on the third to twenty-first floors as rental apartments and shall not record a declaration of condominium with respect to any portion of the Property nor convert any portion of the Property to cooperative housing;

(p) prior to the issuance of the Certificate, the development team for the Project shall include the Architect, the Historic Architect, the Engineers, the Terra Cotta Consultant, the Fire

Protection Consultant and the General Contractor, unless DPD consents in writing to any change in such development team; and

(q) upon a refinancing of any portion of the initial Lender Financing (including any conversion of the initial construction financing into permanent financing), the Developer shall pay to the City \$72,324, such amount representing the open space fee payable under Section 16-18 of the Municipal Code, which fee was initially waived by the City with the intent that its payment be deferred until such refinancing.

8.02 Covenant to Redevelop. Upon DPD's approval of the Project Budget, the Scope Drawings and Plans and Specifications as provided in Sections 3.02 and 3.03 hereof, and the Developer's receipt of all required building permits and governmental approvals, the Developer shall redevelop the Property in accordance with this Agreement and all Exhibits attached hereto (including specifically, but without limitation, Exhibit C), the TIF Ordinances, the Bond Ordinance, the Scope Drawings, Plans and Specifications, Project Budget and all amendments thereto, and all federal, state and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project, the Property and/or the Developer. The covenants set forth in this Section shall run with the land and be binding upon any transferee.

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

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

8.05 Other Bonds. The Developer shall, at the request of the City, agree to any reasonable amendments to this Agreement that are necessary or desirable in order for the City to issue (in its sole discretion) any additional bonds in connection with the Project or the redevelopment project area in which the Project is located ("Other Bonds"); provided, however, that any such amendments shall not have a material adverse effect on the Developer, the Property or the Project. The Developer shall, at the Developer's expense, cooperate and provide reasonable assistance in connection with the

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marketing of any such Other Bonds, including but not limited to providing written descriptions of the Project, making representations, providing information regarding its financial condition and assisting the City in preparing an offering statement with respect thereto. The Developer shall not have any liability with respect to any disclosures made in connection with any such issuance that are actionable under applicable securities laws unless such disclosures are based on factual information provided by the Developer that is determined to be false and misleading.

8.06 Job Creation and Retention; Covenant to Remain in the City. Not less than ten (10) full-time equivalent, permanent jobs shall be created by the Developer at the Project by the Rent Stabilization Date and thereafter maintained throughout the Term of the Agreement and not less than three hundred (300) additional temporary construction jobs shall be created during the rehabilitation and renovation of the Project. The Developer hereby covenants and agrees to maintain its operations within the City of Chicago at the site described above through the Term of the Agreement.

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

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

8.09 Prevailing Wage. The Developer covenants and agrees to pay, and to contractually obligate and cause the General Contractor and each subcontractor to pay, the prevailing wage rate as

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ascertained by the Illinois Department of Labor (the "Department"), to all Project employees. All such contracts shall list the specified rates to be paid to all laborers, workers and mechanics for each craft or type of worker or mechanic employed pursuant to such contract. If the Department revises such prevailing wage rates, the revised rates shall apply to all such contracts. Upon the City's request, the Developer shall provide the City with copies of all such contracts entered into by the Developer or the General Contractor to evidence compliance with this Section 8.09.

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

8.11 Conflict of Interest. Pursuant to Section 5/11-74.4-4(n) of the Act, the Developer represents, warrants and covenants that, to the best of its knowledge, no member, official, or employee of the City, or of any commission or committee exercising authority over the Project, the Redevelopment Area or the Redevelopment Plan, or any consultant hired by the City or the Developer, the Managing Member or Fisher Building, L.L.C. 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 any such entity'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 Developer's fiscal year ended December 31, 1999 and each fiscal year thereafter for 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 and such other financial statements as the Developer may prepare for the Lender.

8.14 Insurance. The Developer, at its own expense, shall comply with all provisions of Section 8.19 and Section 12 hereof.

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

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

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

(ii) at DPD's sole option, to furnish a good and sufficient bond or other security satisfactory to DPD in such form and amounts as DPD shall require, or a good and sufficient undertaking as may be required or permitted by law

to accomplish a stay of any such sale or forfeiture of the Property or any portion thereof or any fixtures that are or may be attached thereto, during the pendency of such contest, adequate to pay fully any such contested Non-Governmental Charge and all interest and penalties upon the adverse determination of such contest.

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

8.17 Compliance with Laws. To the best of the Developer's knowledge, after diligent inquiry, the Property and the Project are and shall be in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, executive orders and codes pertaining to or affecting the Project and the Property. Upon the City's request, the Developer shall provide evidence satisfactory to the City of such compliance.

8.18 Recording and Filing. The Developer shall cause this Agreement, certain exhibits (as specified by Corporation Counsel), all amendments and supplements hereto to be recorded and filed on the date hereof in the conveyance and real property records of the county in which the Project is located. This Agreement shall be recorded prior to any mortgage made in connection with Lender Financing, provided, however, that if such mortgage has been recorded prior to the Closing Date, a subordination agreement in which the Lender subordinates its mortgage lien to the covenants specified in Section 7.02 that run with the land may be recorded instead. The Developer shall pay all fees and charges incurred in connection with any such recording. Upon recording, the Developer shall immediately transmit to the City an executed original of this Agreement showing the date and recording number of record.

8.19 Real Estate Provisions.

(a) Governmental Charges.

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

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

(i) 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

(ii) the Developer shall furnish a good and sufficient bond or other security satisfactory to DPD in such form and amounts as DPD shall require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Property during the pendency of such contest, adequate to pay

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fully any such contested Governmental Charge and all interest and penalties upon the adverse determination of such contest.

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

(c) Insurance. In addition to the insurance required pursuant to Section 12 hereof, the Developer shall procure and maintain the following insurance:

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

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

(iii) Until the demolition of the Building, "all risk" property insurance covering the terra cotta facade for the full replacement value of such facade, provided, however, that the Developer and its successors in title may seek a written, recordable waiver of this requirement from DPD, which waiver shall be within DPD's sole discretion.

(d) Until the demolition of the Building, the Developer and its successors in title shall at all times (i) maintain an adequate operating reserve fund for the express purpose of maintaining the terra cotta facade and ornamentation on the Building, and (ii) preserve intact and in good condition and in compliance with all applicable historic preservation requirements and guidelines the significant architectural features described in the second paragraph of the section in Exhibit C entitled, "General" and, with respect to certain interior features, consistent with the requirements specified in the three paragraphs of the section in Exhibit C entitled "Required Interior Work." Upon the City's request, the current title holder shall provide the City with satisfactory evidence of such fund and permit the City access to the Building to confirm compliance with such maintenance obligations.

8.20 Dark Days Covenant. After the Dark Days Covenant Commencement Date, as applicable, and continuing through the Term of the Agreement, at least (a) 50% of the ground floor space (by square footage) and b) 85% (by number) of the apartment units shall be leased. If a breach of covenant (a) occurs and continues for more than 12 consecutive calendar months, or for more than 12 months in any 24 consecutive calendar month period, an immediate Event of Default shall exist. If a breach of covenant (b) occurs and continues for 24 consecutive calendar months, an immediate Event of Default shall exist.

8.21 Participation in City Beautification Efforts. In conjunction with the City's beautification efforts regarding the Redevelopment Area, the Developer agrees to contribute to the City the sum of \$25,000 with which the City will purchase a street-sweeping machine. This sum shall be due and payable on the Closing Date.

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

SECTION 9. COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY

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

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

SECTION 10. DEVELOPER'S EMPLOYMENT OBLIGATIONS

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

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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 (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 in accordance with standards and procedures developed by the Purchasing Agent of the City.

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

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

Weekly certified payroll reports (U.S. Department of Labor Form WH-347 or equivalent) shall be submitted to the Commissioner of DPD 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.

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

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

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

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

Any retainage to cover contract performance that may become due to the Developer pursuant to Section 2-92-250 of the Municipal Code may be withheld by the City pending the Purchasing Agent's determination as to whether the Developer must surrender damages as provided in this paragraph.

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

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

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

a. Consistent with the findings which support the Minority-Owned and Women-Owned Business Enterprise Procurement Program (the "MBE/WBE" Program"), Section 2-92-420 et seq., Municipal Code, and in reliance upon the provisions of the MBE/WBE Program to the extent contained in, and as qualified by, the provisions of this Section 10.03, during the course of the Project, at least the following percentages of the aggregate "hard costs" set forth in the MBE/WBE Budget 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.

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c. Consistent with Section 2-92-440, Municipal Code, 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 for the voluntary use of MBEs or WBEs in its activities and operations other than the Project.

d. During the rehabilitation and renovation work, the Developer shall submit reports to DPD as part of each draw request under the Escrow 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.

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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.

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.

g. Prior to the commencement of the Project, the Developer, the General Contractor and all major subcontractors shall be required to meet with the monitoring staff of DPD with regard to the Developer's compliance with its obligations under this Section 10.03. During this meeting, the Developer shall submit its MBE/WBE Utilization Plan, including Schedules C and D thereto, and 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. Failure to submit such documentation on a timely basis, or a determination by DPD, upon analysis of the documentation, that the Developer is not complying with its obligations hereunder shall, upon the delivery of written notice to the Developer, be deemed an Event of Default hereunder. Upon the occurrence of any such Event of Default, in addition to any other remedies provided in this Agreement, the City may: (1) issue a written demand to the Developer to halt the Project, (2) withhold any further payment of any City Funds to the Developer or the General Contractor, (3) draw on the Construction L/C and the Payment L/C, (4) exercise all remedies available under the Junior Mortgage, and (5) seek any other remedies against the Developer available at law or in equity.

SECTION 11. ENVIRONMENTAL MATTERS

The Developer hereby represents and warrants to the City that the Developer has conducted environmental studies sufficient to conclude that the Project may be constructed, completed and operated in accordance with all Environmental Laws and this

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Agreement and all Exhibits attached hereto, the Scope Drawings, Plans and Specifications and all amendments thereto, the Bond Ordinance and the Redevelopment Plan.

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

SECTION 12. INSURANCE

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

(a) Prior to Execution and Delivery of this Agreement

(i) Workers Compensation and Employers Liability Insurance

Workers Compensation and Employers Liability Insurance, as prescribed by applicable law covering all employees who are to provide a service under this Agreement and Employers Liability coverage

with limits of not less than \$100,000 each accident or illness.

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

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

(b) Construction

(i) Workers Compensation and Employers Liability Insurance

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

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

Commercial General Liability Insurance or equivalent with limits of not less than \$2,000,000 per occurrence for bodily injury, personal injury, and property damage liability. Coverages shall include the following: All premises and operations, products/completed operations (for a minimum of two (2) years following project completion), explosion, collapse, underground, independent contractors, separation of insureds,

defense, and contractual liability (with no limitation endorsement). The City of Chicago is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from the work.

(iii) Automobile Liability Insurance (Primary and Umbrella)

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

(iv) Railroad Protective Liability Insurance

When any work is to be done adjacent to or on railroad or transit property, Contractor shall provide, or cause to be provided with respect to the operations that the Contractor performs, Railroad Protective Liability Insurance in the name of railroad or transit entity. The policy shall have limits of not less than \$2,000,000 per occurrence and \$6,000,000 in the aggregate for losses arising out of injuries to or death of all persons, and for damage to or destruction of property, including the loss of use thereof.

(v) Builders Risk Insurance

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

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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) Other Requirements

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

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

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

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

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

The Developer expressly understands and agrees that the Developer's insurance is primary and any insurance or self

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insurance programs maintained by the City of Chicago shall not contribute with insurance provided by the Developer under the Agreement.

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

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

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

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

SECTION 13. INDEMNIFICATION

The Developer agrees to indemnify, defend and hold the City harmless from and against any losses, costs, damages, liabilities, claims, suits, actions, causes of action and expenses (including, without limitation, reasonable attorneys' fees and court costs) suffered or incurred by the City arising from or in connection with (i) the Developer's failure to comply with any of the terms, covenants and conditions contained within this Agreement, or (ii) the Developer's or any contractor's failure to pay General Contractors, subcontractors or materialmen in connection with the TIF-Funded Improvements or any other Project improvement, or (iii) the existence of any material misrepresentation or omission in this Agreement, any offering memorandum or the Redevelopment Plan or any other document related to this Agreement that is the result of information supplied or omitted by the Developer or its agents, employees, contractors or persons acting under the control or at the request of the Developer or (iv) the Developer's failure to

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cure any misrepresentation in this Agreement or any other agreement relating hereto.

SECTION 14. MAINTAINING RECORDS/RIGHT TO INSPECT

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

14.02 Inspection Rights. Upon three (3) business days' notice, and subject to the reasonable rights of tenants occupying any portion of the Property, any authorized representative of the City shall have access to all portions of the Project and the Property during normal business hours for the Term of the Agreement.

SECTION 15. DEFAULT AND REMEDIES

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

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

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

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

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

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

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

(g) the entry of any judgment or order against the Developer that has a material adverse affect on the Developer's business, property, assets, operations, condition (financial or otherwise), which remains unsatisfied or undischarged and in effect for sixty (60) days after such entry without a stay of enforcement or execution;

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

(i) the dissolution of the Developer or the Managing Member the death of any natural person who owns a material interest in the Managing Member; or

(j) the institution in any court of a criminal proceeding (other than a misdemeanor) against the Developer or any natural person who owns a material interest in the Managing Member, which is not dismissed within thirty (30) days, or the indictment of the Developer or any natural person who owns a material interest in the Managing Member, for any crime (other than a misdemeanor).

For purposes of Sections 15.01(i) and 15.01(j) hereof, a person with a material interest in the Managing Member shall be one owning in excess of ten percent (10%) of the Managing Member's membership interest or who serves as a manager or managing member for the Managing Member.

15.02 Remedies. Upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements and, if the Event of Default involves a breach of the Performance Covenants or Other Covenants, draw on the Construction L/C and Payment L/C. In addition, the City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy provided for hereunder or under the Junior Mortgage, including, without limitation, injunctive relief, specific performance of the agreements contained herein and foreclosure of such Junior Mortgage, provided, however, that in no event shall the City's damages ever exceed the amount of City Funds paid to the Developer, plus costs of enforcement as provided for in Section 18.21.

15.03 Curative Period. In the event the Developer shall fail to perform a monetary covenant which the Developer is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless the Developer shall have failed to perform such monetary covenant within ten (10) days of its receipt of a written notice from the City specifying that it has failed to perform such monetary covenant. In the event the Developer shall fail to perform a non-monetary covenant which the Developer is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless the Developer shall have failed to cure such default within thirty (30) days of its receipt of a written notice from the City specifying the nature of the default; provided, however, with respect to those non-monetary defaults which are not capable of being cured within such thirty (30) day period, the Developer shall not be deemed to have committed an Event of Default under this Agreement if it has commenced to cure the alleged default within such thirty (30) day period and thereafter diligently and continuously prosecutes the cure of such default until the same has been cured. The above cure periods shall not apply to a failure by the Developer to comply with a covenant that runs with the land, as specified in Section 7.02 (excluding Section 8.20, which shall have the cure period described therein), or the covenants set forth in Sections 8.01(1), (m) and (n) and Section 18.15. For such failures, there shall be no notice requirement and no cure period, and such failure shall constitute an immediate Event of Default.

SECTION 16. MORTGAGING OF THE PROJECT

All mortgages, deeds of trust and collateral assignments of beneficial interest (each, a "Mortgage") in place as of the date hereof with respect to the Property or any portion thereof are listed on Exhibit I hereto and are referred to herein as the "Existing Mortgages." Any Mortgage executed, delivered and, if applicable, recorded by a successor Lender is referred to herein as a "Permitted Mortgage." It is hereby agreed by the Developer as follows:

(a) In the event that a Lender shall succeed to the Developer's interest in the Property or any portion thereof

pursuant to the exercise of remedies under an Existing Mortgage or a Permitted Mortgage, whether by foreclosure, deed in lieu of foreclosure or UCC sale of a beneficial interest in a land trust, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.15 hereof, the City hereby agrees to attorn to and recognize such Lender 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, including, without limitation, the posting of any Construction L/C (if still required) and Payment L/C; provided, however, that, notwithstanding any other provision of this Agreement to the contrary, it is understood and agreed that if such party accepts an assignment of the Developer's interest under this Agreement, such party shall have no liability under this Agreement for any Event of Default of the Developer which accrued prior to the time such party succeeded to the interest of the Developer under this Agreement, in which case the Developer shall be solely responsible. However, if such Lender does not expressly accept an assignment of the Developer's interest hereunder, the Lender shall be entitled to no rights and benefits under this Agreement, and such party shall be bound only by the covenants specified in Section 7.02 that run with the land.

(b) Prior to the City's issuance of a Certificate, no new Mortgage may be executed with respect to the Property or any portion thereof. After the issuance of such Certificate, only Mortgages securing certain of Lender Financing may be permitted, subject to the limitations set forth herein.

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.

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If to the City: City of Chicago
Department of Planning and Development
121 North LaSalle Street, Room 1000
Chicago, IL 60602
Attention: Commissioner
Facsimile: (312) 744-6550

With Copies To: City of Chicago
Department of Law
Finance and Economic Development Division
121 North LaSalle Street, Room 600
Chicago, IL 60602
Facsimile: (312) 744-8538

If to the Developer: c/o Kenard Corporation
4242 N. Sheridan Rd.
Chicago, Illinois 60613
Attn: Hal Lichterman
Facsimile: (773) 244-1400

and to: Concord Development Corporation
1540 East Dundee Road
Suite 350
Palatine, Illinois 60067
Attn: Wayne Moretti
Facsimile: (847) 776-0371

With Copies To: Rudnick & Wolfe
203 N. LaSalle St.
Suite 1800
Chicago, Illinois 60601
Attn: Jeffrey S. Arnold
Facsimile: (312) 630-5329

And to: First Union Development Corporation
One First Union Center, DC-6
301 South College Street
Charlotte, North Carolina 28288-0166
Attn: Paul E. Morris
Fax: (704) 383-9525

And to: Kutak Rock
1650 Farnam Street

Omaha, Nebraska 68102
Attn: Greg Yeutter
Fax: (402) 346-1148

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

SECTION 18. MISCELLANEOUS

18.01 Amendment. This Agreement and the Exhibits attached hereto may not be amended or modified without the prior written consent of the parties hereto; provided, however, that the City, in its sole discretion, may amend, modify or supplement Exhibit E hereto without the consent of any party hereto, provided that any such amendment, modification or supplement shall not have a material adverse effect on the Developer, the Property or the Project.

18.02 Entire Agreement. This Agreement (including each Exhibits 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 or any successor in interest in the event of any default or breach by the City or for any amount which may become due to the Developer from the City or any successor in interest or on any obligation under the terms of this Agreement.

18.04 Further Assurances. The Developer agrees to take such actions, including the execution and delivery of such documents, instruments, petitions and certifications as may become necessary

or appropriate to carry out the terms, provisions and intent of this Agreement.

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

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

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

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

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

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

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

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

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

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

18.15 Assignment. Prior to the Fifth Anniversary Date, 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 consent shall be in the City's sole discretion. Thereafter, any successor in interest to the Developer under this Agreement shall certify in writing to the City its agreement to abide by all remaining executory terms of this Agreement, including but not limited to Sections 8.19 and 8.22 hereof, for the Term of the Agreement. The Developer consents to the City's sale, transfer, assignment or other disposal of this Agreement at any time in whole or in part.

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

18.17 Force Majeure. Neither the City nor the Developer nor any successor in interest to either of them shall be considered in breach of or in default of its obligations under this Agreement in the event of any delay caused by damage or destruction by fire or other casualty, strike, shortage of material, unusually adverse

weather conditions such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or for an abnormal duration, tornadoes or cyclones, and other events or conditions beyond the reasonable control of the party affected which in fact interferes with the ability of such party to discharge its obligations hereunder. The individual or entity relying on this section with respect to any such delay shall, upon the occurrence of the event causing such delay, immediately give written notice to the other parties to this Agreement. The individual or entity relying on this section with respect to any such delay may rely on this section only to the extent of the actual number of days of delay effected by any such events described above.

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

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

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

18.21 Costs and Expenses. In addition to and not in limitation of the other provisions of this Agreement, the Developer agrees to pay upon demand the City's out-of-pocket expenses, including reasonable attorneys' fees, incurred in connection with the City's enforcement of this Agreement and the Junior Mortgage.

18.22 City Dealings With Managing Member. Notwithstanding anything else in this Agreement, the City, in administering and exercising its rights under this Agreement, shall be entitled to either (a) rely on the representation, warranty, covenant, indemnification or other undertaking, and act upon the direction of any one of the managing members of the Managing Member permitted under Section 8.01(1) as being the representation, warranty, covenant, indemnification, undertaking or direction of the Managing Member and the Developer, or (b) require that all such individuals who are then managing members of the Managing Member join in writing in such representation, warranty, covenant, indemnification or other undertaking or direction. The City shall have no duty to determine whether any such individual(s) are acting in an authorized manner on behalf of the Managing Member or Developer.

18.23 Subordination Agreement. Upon the request of a lender providing Lender Financing, the City shall agree to subordinate its Junior Mortgage to the mortgage of such lender pursuant to a written subordination agreement, the form of which shall be in a form reasonably acceptable to the City and Corporation Counsel.

18.24 Payment of Developer's Fee to Affiliate. Notwithstanding Section 8.10, the Managing Member may cause the developer's fee and certain distributions payable to the Managing Member under that certain Joint Development Agreement dated June _____, 1999 between the Non-Managing Member, the Managing Member and 343 Development, L.L.C. (the "Developer's Affiliate"), provided that the members and ownership percentages of the Managing Member and the Developer's Affiliate are at all times identical and that the Managing Member provides written notice to the City of all such amounts paid to Developer's Affiliate. The Developer's Affiliate, by execution of this Agreement, acknowledges and agrees that (a) the City would not consent to execute this Agreement but for the Developer's Affiliate's execution hereof, (b) adequate consideration exists to support the Developer's Affiliate's execution of this Agreement, which has been done voluntarily and without duress, (c) the Developer's Affiliate shall be bound by the representations, warranties and covenants of the Developer set forth herein, and (d) that in the event of an Event of Default entitling the City to recover any amounts due under this Agreement, the City, in addition to all other rights and remedies provided for under this Agreement, shall have the right, upon

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written notice to the Developer, to recover from the Developer's Affiliate all amounts paid to the Developer's Affiliate, or such lesser amount as may be necessary to pay all amounts due and payable to the City.

[Signatures Appear On Next Page]

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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

343 SOUTH DEARBORN II, L.L.C., an Illinois limited liability company

By: 343 SOUTH DEARBORN I, L.L.C., its managing member

By: [Signature]
Its: _____

343 SOUTH DEARBORN I, L.L.C., an Illinois limited liability company

By: [Signature]
Its: Managing Member

DEVELOPER'S AFFILIATE

343 DEVELOPMENT, LLC, an Illinois limited liability company

By: [Signature]
Its: Managing Member

CITY

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

By: _____
Christopher Hill
Commissioner
Department of Planning
And Development

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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

343 SOUTH DEARBORN II, L.L.C., an Illinois limited liability company

By: 343 SOUTH DEARBORN I, L.L.C., its managing member

By: _____

Its: _____

343 SOUTH DEARBORN I, L.L.C., an Illinois limited liability company

By: _____

Its: Managing Member

DEVELOPER'S AFFILIATE

343 DEVELOPMENT, LLC, an Illinois limited liability company

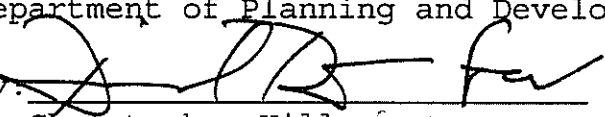
By: _____

Its: Managing Member

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CITY

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

By:  _____

Christopher Hill
Commissioner
Department of Planning
And Development

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, Joyce R Landau, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Harold Lichterman personally known to me to be the managing member of 343 South Dearborn I, L.L.C., an Illinois limited liability company, in its own behalf, and in its capacity as the sole Managing Member of 343 South Dearborn II, L.L.C., an Illinois limited liability company (the "Developer"), and personally known to me to be the same person whose names is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed, and delivered said instrument, pursuant to the authority given to him by members of the such Managing Member and by the members of the Developer, as his free and voluntary act and as the free and voluntary act of such Managing Member and the Developer, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 11th day of June, 1999.



Joyce R. Landau
Notary Public

My Commission Expires _____

(SEAL)

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STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

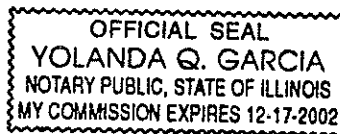
David
Durg

I, Yolanda Q. Garcia, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that ~~Christopher Hill~~, personally known to me to be the ^{Free Deputy} 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 instrument pursuant to the authority given to him by the City, as his free and voluntary act and as the free and voluntary act of the City, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 10th day of June, 1999.

Yolanda Q. Garcia
Notary Public

My Commission Expires Dec 17, 2002



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EXHIBIT A
REDEVELOPMENT PROJECT 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 Re-subdivision 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.

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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

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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, 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

PROPERTY LEGAL DESCRIPTION

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LOTS 18, 19 AND 24 (EXCEPT THAT PART OF SAID LOTS TAKEN FOR DEARBORN STREET) IN GEORGE W. SNOW'S SUBDIVISION OF BLOCK 139 IN SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Commonly known as 343 South Dearborn Street, Chicago, Illinois

PIN(s): 17-16-234-005-0000
 17-16-234-006-0000

EXHIBIT C

DESCRIPTION OF RESTORATION WORK

FISHER BUILDING
343 SOUTH DEARBORN STREET
Rehabilitation Work Required by the
Redevelopment Agreement

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General:

The Fisher Building is a designated Chicago Landmark and is listed on the National Register of Historic Places. The period of significance for the building shall be 1896-1907, to include its original appearance upon completion in 1896 as well as subsequent modifications made to the building as part of a twenty-story addition constructed in 1907.

The significant architectural features of the building shall be all exterior building elevations, including the roofline, and the following interior features: the Dearborn Street entrance vestibule, the remaining original portion of the ground-floor lobby in the 1907 addition, the two original cast-iron stairs, the remaining original ornamental elevator grillework on the upper stories, and the remaining portions of the original upper-story corridors on floors 3 thru 18. The Dearborn Street, Van Buren Street, and Plymouth Court elevations shall all be considered primary elevations.

For the purposes of the Agreement, it is understood that changes to the building will be necessary to accommodate its redevelopment, but such changes shall be guided by the following general principles: The three street elevations shall all be restored to their historic appearance. Changes to the interior shall be allowed, provided that the significant interior features identified above are retained and preserved, although they may be modified where necessary to meet code requirements.

All work as herein required shall be done in accordance with the terms and conditions of the Redevelopment Agreement and the following:

the City of Chicago's building permit review procedures and the Landmarks Ordinance, and subject to the review and approval of the Commission on Chicago Landmarks.

The Secretary of the Interior's Standards for Rehabilitation of Historic Buildings (rev. 1990) and the Guidelines for Alterations to Historic Buildings and New Construction, adopted by the Commission on Chicago Landmarks on March 4, 1992.

historic photographs and any other available archival documentation of the building, investigated and assembled by the Developer, and submitted to the Commission on Chicago Landmarks as part of its review.

the Chicago Downtown Lighting Master Plan, prepared in 1997, but only to the extent described in the paragraph of this Exhibit C entitled "Building Lighting" under "Required Exterior Work."

the documents and correspondence submitted by the Developer to the City of Chicago for the redevelopment of the building; and as modified by the documents and correspondence subsequently submitted for pre-permit review by the Commission on Chicago Landmarks on January 6, 1999, and approved with the conditions noted in the letter to the Developer dated January 20, 1999.

In accordance with The Secretary of the Interior's Standards, remaining significant features and materials shall be retained and restored. Where features are missing, deteriorated beyond repair, or altered, and therefore must be replaced, they shall match the originals in design, dimensions, color, finish, texture, durability, and, as possible, materials, as can be determined from available documentation.

In addition, for all work required as part of this exhibit, material samples, paint colors and finishes, shop drawings, and specifications, as well as mock-ups and control samples as required for such work as modifications to the original wood doors in the

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upper-story corridors or masonry tuckpointing and cleaning, shall be subject to review and approval.

Required Exterior Work:

Two-Story Base (Floors 1 thru 2). An historically-accurate restoration of the exterior appearance of the base of the building, including entrances, storefronts, windows and doors, and terra-cotta masonry and ornamentation, as can be determined from available documentation. The Dearborn Street and Van Buren Street building entrances and vestibules shall be restored to their original appearance, although the existing revolving doors in the Dearborn vestibule may be retained. New storefront entrances need not be in their historic location, but every effort should be made to avoid locating new entrances in surviving original and unaltered storefront bays.

Windows. A comprehensive window survey shall be prepared as part of the development of an appropriate repair and/or replacement strategy, subject to review and approval. The original double-hung wood windows on the upper stories shall be retained and rehabilitated if possible. If it is determined that windows must be replaced, replacement windows shall match the originals in terms of design, profiles, dimensions, material, color, and appearance. Insulated glass may be used in place of the historic single-pane glass. As part of this work, a paint color analysis shall be completed by the Developer to determine the historic color of the windows.

Terra Cotta. An exterior conditions survey shall be completed and submitted for review and approval prior to beginning any exterior work, and the survey shall identify all masonry deterioration, failures, and missing features, as well as prior incompatible repairs to be reversed as part of the project. All proposed methods of repair shall be subject to review and approval. Where the original masonry is missing or beyond repair, the replacement pieces shall match

the originals in design, dimensions, color, finish, texture, durability, and materials.

Masonry shall be tuckpointed using mortar which matches the original in terms of color, hardness, texture and joint profile; a control section if required shall be prepared, subject to review and approval. All exterior elevations shall be cleaned as needed using an appropriate and least-aggressive cleaning method, e.g., low-pressure water or mild chemical cleaning, after conducting test patches subject to review and approval.

Signs. All signs shall be subject to review and approval and compatible with the architectural design and historic character of the building, particularly in terms of size, design, and location. Signs shall not obscure or irreversibly damage architectural features or materials. No exterior signs shall be located above the ground floor. No large projecting signs or internally-illuminated face-lit signs shall be permitted.

Awnings. Storefront windows may have retractable fabric awnings, based on historic precedent and design. No awnings shall be allowed on the upper-story windows. All awnings shall be attached within, and shall not extend beyond, the masonry opening. No awnings may be backlit.

Building Lighting. Appropriately-designed accent lighting shall be provided for the building, subject to review and approval. Consistent with the original design of the building, ground floor interior lighting should emphasize the transparency of the building's base and extensive expanses of glass.

Rooftop. There shall be no habitable roof-top additions. All new rooftop appurtenances and mechanical equipment shall be setback as far as possible from the street elevations to minimize potential visibility from the public way, and particularly from State Street and Pritzker Park.

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Required Interior Work:

Original Portions of Upper-Story Corridors. All original features and materials within the significant remaining portions of the upper-story corridors, identified as part of the pre-permit submission to the Commission on Chicago Landmarks, shall be retained and preserved. It is understood that modifications to some original features such as corridor doors and windows will be necessary to address code requirements. Original doors and historic hardware shall be reused as possible. Any modifications to the design of the doors (e.g., panels, glazing or dividing bars) shall be based on historic precedent and design. Existing glass panes in the windows, doors, and transoms may be replaced based on historic precedent, and may be modified such as with an applied coating, subject to review and approval. Original ceiling heights shall be maintained in the corridors.

Cast-Iron Ornamental Stairs and Elevator Grillework. The two ornamental stairs shall be retained and preserved. It is understood that new fire doors may be required to address code issues, but such doors should be located to minimize the impact of the new doors on corridor views and original features. All original elevator grillework shall be retained, restored, and reused on the new elevator enclosures to the extent that these features are existing and repairable. It is understood that modifications, such as enclosing the elevator shafts, shall be allowed to address code issues, subject to review and approval. Every effort should be made to retain original features in the stairwells such as doors, wood trim, etc.

Ceiling Heights. Original ceiling heights shall be maintained behind all windows. Any drops in the heights of ceilings, such as for mechanical equipment, or for the construction of new interior partition walls, shall, to the extent possible, be set back from the windows a sufficient distance in order to minimize visibility from the street.

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EXHIBIT D

TIF-FUNDED IMPROVEMENTS

<u>Line Item</u>	<u>Cost</u>
Acquisition	\$6,610,000

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TOTAL

EXHIBIT E

REDEVELOPMENT PLAN

[Omitted For Recording Purposes]

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EXHIBIT F

CONSTRUCTION CONTRACT

[Omitted For Recording Purposes]

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EXHIBIT G

ESCROW AGREEMENT

[Omitted For Recording Purposes]

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EXHIBIT H-1

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PROJECT BUDGET

ACQUISITION COST USES

Land/Building	\$ 6,610,000
Lease Buyout	100,000
Legal	265,000
Environmental	75,000
Closing Costs	71,510
Architect & Engineer	572,400
Survey	5,000
Market Study	12,500
TOTAL ACQUISITION USES	\$ 7,711,410

HARD COST USES

Construction Apartments	\$15,329,000
Facade	4,600,000
Tenant Buildout	400,000
TOTAL HARD COST USES	\$20,329,000

SOFT COSTS USES

Rental Expenses	\$ 637,083
Appraisal	17,500
Administrative Fee	1,046,409
Insurance	50,000
Loan Fees	357,000
Model	75,000
Sales Center	50,000
Marketing Cost	75,000
Real Estate Taxes	329,133
Lease up Expense	184,000
Developers Fee	850,000
Interest Expense	1,569,437
TOTAL SOFT COSTS USES	5,240,563

TOTAL USES	33,880,973
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EXHIBIT H-2

MBE/WBE PROJECT BUDGET

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TRADE	AMOUNT
DEMOLITION	\$ 700,000
LANDSCAPING - PLANTERS	10,000
FLOOR PATCH	50,000
MASONRY RESTORATION	3,200,000
CARPENTRY	850,000
PLASTIC LAMINATED TOPS	110,000
KITCHEN & VANITY CABINETS	275,000
STOREFRONTS & ENTRANCES	350,000
METAL WINDOWS	1,450,000
MIRRORS	50,000
LATH & PLASTER PATCHING	200,000
DRYWALL	2,200,000
CERAMIC TILE	225,000
CARPETING	240,000
PAINTING	600,000
STORAGE LOCKERS	50,000
TRASH CHUTE & COMPACTOR	27,000
APPLIANCES	295,000
FLOOR INFILL	125,000
SIDEWALK VAULT	125,000
19TH FLOOR AMENITIES	100,000
LAUNDRY ROOM	25,000
LOBBY ALLOWANCE	250,000
SECURITY SYSTEM & MAIL ROOM	60,000

TRADE	AMOUNT
APARTMENT CLEANUP	20,000
PLUMBING	1,750,000
STAIRS & BEAMS	120,000
ELECTRICAL	1,850,000
HVAC	1,700,000
MOSAIC & MARBLE REPAIR	50,000
ROOFING & SHEET METAL	50,000
RESILIENT FLOORING	35,000
ENTRANCE MATS	4,000
BUILDOUT ALUMINUM (COMMERCIAL)	400,000
SPRINKLER/FIRE PROTECTION	750,000
ELEVATOR	530,000
GENERAL CONDITIONS	<u>1,000,000</u>
SUBTOTAL	19,826,000
CONTRACTOR FEE	500,000
CONTINGENCY	603,000
TOTAL	20,929,000

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EXHIBIT I

PERMITTED LIENS

1. Liens or encumbrances against the Property:

Those matters set forth as 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.

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EXHIBIT J

APPROVED PRIOR EXPENDITURES

[Omitted For Recording Purposes]

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EXHIBIT K

OPINION OF DEVELOPER'S COUNSEL

[To be retyped on the Developer's Counsel's letterhead]

[To be modified for applicable entities]

_____, 199_

City of Chicago
121 North LaSalle Street
Chicago, IL 60602

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ATTENTION: Corporation Counsel

Ladies and Gentlemen:

We have acted as counsel to _____, an [Illinois] _____ (the "Developer"), in connection with the purchase of certain land and the construction of certain facilities thereon located in the _____ 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) _____ Redevelopment Agreement (the "Agreement") of even date herewith, executed by the Developer and the City of Chicago (the "City");

[(b) the Escrow Agreement of even date herewith executed by the Developer and the City;]

(c) [insert other documents including but not limited to documents related to purchase and financing of the Property and all lender financing related to the Project]; and

(d) all other agreements, instruments and documents executed in connection with the foregoing.

In addition to the foregoing, we have examined

(a) the original or certified, conformed or photostatic copies of the Developer's (i) Articles of Incorporation, as amended to date, (ii) qualifications to do business and certificates of good standing in all states in which the Developer is qualified to do business, (iii) By-Laws, as amended to date, and (iv) records of all corporate proceedings relating to the Project [revise if the Developer is not a corporation]; 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 corporation duly organized, validly existing and in good standing under the laws of its state of [incorporation] [organization], 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 [corporation] [entity] 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 [Articles of Incorporation or By-Laws] [describe any formation documents if the Developer is not a corporation] 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

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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, other than liens or security interests in favor of the lender providing Lender Financing.

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 each class of capital stock of the Developer, (b) sets forth the number of issued and authorized shares of each such class, and (c) identifies the record owners of shares of each class of capital stock of the Developer and the number of shares held of record by each such holder. To the best of our knowledge after diligent inquiry, except as set forth on Exhibit A, there are no warrants, options, rights or commitments of purchase, conversion, call or exchange or other rights or restrictions with respect to any of the capital stock of the Developer. Each outstanding share of the capital stock of the Developer is duly authorized, validly issued, fully paid and nonassessable.

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

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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 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 the Documents.

9. The execution, delivery and performance of the Documents by the Developer have 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

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federal laws of the United States of America and the laws of the State of Illinois.

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

Very truly yours,

By: _____

Name: _____

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EXHIBIT L

JUNIOR MORTGAGE

[Omitted For Recording Purposes]

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EXHIBIT L

JUNIOR MORTGAGE

[Omitted For Recording Purposes]

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1999-06-14 10:18:04
Cook County Recorder 127.00



JUNIOR CONSTRUCTION MORTGAGE

Prepared by and after
recording return to:

For Recorder's Use Only:

Steven J. Holler
Assistant Corporation Counsel
Department of Law
City of Chicago
121 N. LaSalle Street
Chicago, Illinois 60602

Handwritten initials/signature

78-13-337 D2 Gault

JUNIOR CONSTRUCTION MORTGAGE

THIS JUNIOR CONSTRUCTION MORTGAGE ("Mortgage") is made and given as of this 11th day June, 1999, by 343 South Dearborn II, L.L.C., an Illinois limited liability company, having an address c/o Kenard Corporation, 4242 N. Sheridan Rd., Chicago, Illinois 60613 ("Mortgagor"), to the CITY OF CHICAGO, an Illinois municipal corporation, having its principal office at 121 N. LaSalle Street, Chicago, Illinois 60602 ("City" or "Mortgagee").

RECITALS

WHEREAS, the City Council of the City, by ordinance adopted May 12, 1999, authorized the execution by Mortgagor and the City of that certain Fisher Building Redevelopment Agreement dated as the date hereof, a copy of which has been recorded prior to the recording of this Mortgage (such agreement, as amended, supplemented or modified, the "Redevelopment Agreement"); and

WHEREAS, all terms, unless defined herein, shall have the meaning given to them in the Redevelopment Agreement; and

BOX 333-CT1

WHEREAS, the Redevelopment Agreement provides inter alia for the Mortgagor to acquire and renovate the building commonly known as The Fisher Building, 343 S. Dearborn Street, Chicago, Illinois located on the real property legally described in Exhibit A attached hereto (the "Land"); and

WHEREAS, the Project will be financed in part with City Funds, up to a maximum aggregate amount of \$6,600,000, to pay for or reimburse the Mortgagor (or its managing member) for certain Redevelopment Project Costs, as are further described in the Redevelopment Agreement; and

WHEREAS, the City Funds have been derived from the proceeds of the City's Tax Increment Allocation Bonds (Central Loop Redevelopment Project) Series 1997, Taxable Series 1997 B Bonds and must be used in accordance with any laws, regulations and ordinances governing the use of such funds, including, without limitation, the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq; and

WHEREAS, as consideration for the use of the City Funds, the Mortgagor has agreed to acquire, renovate and operate the Project in accordance with the terms and conditions of the Redevelopment Agreement, and, until the expiration of the Term of the Agreement, abide by the covenants running with and affecting the Land set forth in Sections 8.01(o), 8.02, 8.19 and 8.20 of the Redevelopment Agreement (collectively, the "Performance Covenants"); and

WHEREAS, the Mortgagor is also obligated to comply with, among other things, the following sections of the Redevelopment Agreement: the transfer restrictions in Sections 8.01(d), (l), (m) and (o) and Section 18.15; the prevailing wage requirements in Section 8.09; the employment opportunity, City resident employment and MBE/WBE utilization requirements in Section 8.07 and Sections 10.01, 10.02 and 10.03; and the financing restrictions inherent in the definition of Lender Financing and in Sections 8.01(d), (j) and (n) and Section 16 (collectively, the "Other Covenants");

WHEREAS, the failure of the Mortgagor to comply with the Performance Covenants or the Other Covenants shall entitle the City to recover the City Funds if such failure constitutes an

Event of Default under the Redevelopment Agreement; and

WHEREAS, the parties intend that this Mortgage secure the Mortgagor's performance of the Performance Covenants, the Other Covenants, its obligations under this Mortgage and the repayment of the City Funds in the event of an Event of Default;

NOW, THEREFORE, to secure the performance by Mortgagor of such covenants and obligations, and in order to charge the properties, interests and rights hereinafter described with such mortgage lien, Mortgagor has executed and delivered the Mortgage and does hereby grant, convey, assign, mortgage, warrant, grant a security interest in, and confirm unto, Mortgagee and its successors and assigns forever, all of the following rights, interests, claims and property (collectively, the "Mortgaged Property"), subject to the title matters, liens and encumbrances set forth in Exhibit B attached hereto:

(A) The Land, together with all easements, water rights, hereditaments, mineral rights and other claims, rights and interests appurtenant thereto;

(B) All buildings, structures and other improvements of every nature whatsoever now or hereafter situated on the Land, including, without limitation, the Project, all fixtures or attachments of every kind and nature whatsoever now or hereafter owned by Mortgagor which are or shall be attached to, located in or on, forming a part of, used or intended to be used in connection with or incorporated in the Land or such buildings, structures and other improvements, including all extensions, additions, improvements, betterments, renewals and replacements of any of the foregoing ("Improvements");

(C) All tenements, easements, rights-of-way and rights used as a means of access to the Land and Improvements and appurtenances thereto now or hereafter belonging or pertaining thereto;

(D) All rents and issues of the Land and Improvements from time to time and all of the estate, right, title, interest, property, possession, claim and demand at law, as well as in equity of Mortgagor, in and to the same;

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(E) all right, title and interest of Mortgagor in and to all fixtures, personal property of any kind or character now or hereafter attached to, contained in and used or useful in connection with the Land or the Improvements, together with all furniture, floor covering, fittings, furnishings, apparatus, goods, systems, fixtures and other items of personal property of every kind and nature, now or hereafter located in, upon or affixed to the Land or the Improvements, or used or useful in connection with any present or future operation of the Land or the Improvements, including, but not limited to, all apparatus and equipment used to supply heat, gas, air conditioning, water, light, power, refrigeration, electricity, plumbing and ventilation, including all renewals, additions and accessories to and replacements of and substitutions for each and all of the foregoing, and all proceeds therefrom (the "Equipment");

(F) all of the estate, interest, right, title or other claim or demand which Mortgagor now has or may acquire with respect to (i) proceeds of insurance in effect with respect to the Land, the Improvements or the Equipment, and (ii) any and all awards, claims for damages, judgments, settlements and other compensation made for or consequent upon the taking by condemnation, eminent domain or any like proceeding of all or any portion of the Land, the Improvements or the Equipment;

(G) all intangible personal property, accounts, licenses, permits, instruments, contract rights, and chattel paper of Mortgagor, including, but not limited to cash, accounts receivable, bank accounts, certificates of deposit, rights (if any) to amounts held in escrow, deposits, judgments, liens and causes of action, warranties and guarantees, relating to the Land, the Equipment or the Improvements;

(H) all other property rights of Mortgagor of any kind or character related to all or any portion of the Land, the Improvements or the Equipment; and

(I) the proceeds from the sale, transfer, pledge or other disposition of any or all of the property described in the preceding clauses.

All of the Land, Improvements, estate and property hereinabove described, real, personal and mixed, whether or not

affixed or annexed, and all rights hereby conveyed and mortgaged are intended so to be as a unit and are hereby understood, agreed and declared, to the maximum extent permitted by law, to form a part and parcel of the Land and Improvements and to be appropriated to the use thereof, and shall for the purposes of the Mortgage deemed to be conveyed and mortgaged hereby; provided, however, as to any property, aforesaid which does not so form a part and parcel of the Land and Improvements, the Mortgage is hereby deemed also to be a Security Agreement under the Uniform Commercial Code of the State of Illinois (the "Code") for the purposes of granting a security interest in such property, which Mortgagor hereby grants to Mortgagee as secured party (as defined in the Code) and as also contemplated and provided for in Section 6.10 hereof.

TO HAVE AND TO HOLD the Mortgaged Property and all parts thereof unto Mortgagee, its successors and assigns, to its own proper use, benefit and advantage forever, subject, however, to the terms, covenants and conditions herein;

WITHOUT limitation of the foregoing, Mortgagor hereby further grants unto Mortgagee, pursuant to the provisions of the Code, a security interest in all of the above-described property which are or are to become fixtures.

THIS MORTGAGE IS GIVEN TO SECURE: (a) the performance by the Mortgagor of the Performance Covenants, the Other Covenants and its obligations under this Mortgage, and (b) the repayment of City funds upon the occurrence of an Event of Default.

SECTION I

INCORPORATION OF RECITALS

The Mortgagor acknowledges and agrees that the recitals set forth above constitute an integral part of the Mortgage and are hereby incorporated herein by this reference.

SECTION II

INCORPORATION OF REDEVELOPMENT AGREEMENT PROVISIONS

The Mortgagor acknowledges and agrees that all of the

sections of the Redevelopment Agreement cited in the Recitals to this Mortgage, along with all defined terms used in such sections and all other defined terms from the Redevelopment Agreement that are used in this Mortgage, together with such other provisions of the Redevelopment Agreement as may be necessary to reasonably construe such sections and defined terms, are incorporated herein by reference as if fully written out and included as definitions and independent covenants in this Mortgage.

SECTION III

COVENANTS

The Mortgagor covenants, represents and warrants and the Trust represents to Mortgagee that:

3.1 Redevelopment Agreement Covenants. Mortgagor shall comply with the Performance Covenants and the Other Covenants.

3.2 Maintenance of the Mortgaged Property. (a) Mortgagor shall preserve and maintain the Mortgaged Property in good condition and repair, shall not commit or suffer any waste thereof, and shall keep the same in a clean, orderly and attractive condition. Mortgagor shall not do or suffer to be done anything which will increase the risk of fire or other hazard to the Mortgaged Property or any part thereof.

(b) If the Mortgaged Property or any part thereof is damaged by fire or any other cause, Mortgagor will immediately give written notice of the same to Mortgagee.

(c) Mortgagor shall comply with, and cause the Mortgaged Property to comply with, all present and future laws, ordinances, orders, rules, regulations and requirements of any governmental authority applicable to the Mortgaged Property, or any part thereof, and with all recorded restrictions and encumbrances affecting the Mortgaged Property, or any part thereof.

3.3 Subordination. Mortgagee acknowledges that the lien of this Mortgage shall be subject and subordinate to any mortgage lien granted by Mortgagor in favor of a Lender providing Lender Financing including specifically, but without limitation, that certain _____

_____ dated June _____, 1999 executed by the
Mortgagor in favor of LaSalle Bank National Association.

SECTION IV

REPAYMENT OBLIGATION

4.1 Generally. If, during the period of time from the execution date of the Mortgage until the expiration of the term of the Redevelopment Agreement (the "Enforceability Period"), the Mortgagor fails to comply with the Performance Covenants, the Other Covenants or its obligations under this Agreement, and such failure constitutes an Event of Default, the Mortgagor shall, without further notice or cure period, automatically and immediately become obligated to repay to the City an amount equal to the City Funds previously paid to the Mortgagor, plus all Protective Advances (as hereinafter defined) and other amounts payable under this Mortgage (whether then owing, or thereafter accruing), less such amounts as the City may recover as a result of a draw on either the Construction L/C or the Payment L/C, or both. The Mortgagee may proceed to foreclose this Mortgage and to exercise any other rights and remedies available to Mortgagee under this Mortgage and the Redevelopment Agreement and at law, in equity or otherwise

4.2 Release of Mortgage. Upon the expiration of the Enforceability Period, if Mortgagor has complied with the Performance Covenants, the Other Covenants and its obligations under this Mortgage, then the Mortgagee shall, within thirty (30) days of receipt of a written request from Mortgagor, execute a release of this Mortgage in recordable form.

SECTION V

DEFAULT

5.1 Events of Default. As used in this Mortgage, the term "Event of Default" shall include (a) the failure by Mortgagor to comply with (a) a Performance Covenant or Other Covenant, which failure constitutes a default under the Redevelopment Agreement, and/or (b) the failure by Mortgagor to comply with its obligations under Section 2.2 of this Mortgage, which remains unremedied for 30 days after notice thereof from Mortgagee to

Mortgagor, provided, however, that if any such default cannot reasonably be remedied within said 30-day period and if Mortgagor shall have commenced to remedy such default within said 30-day period and shall thereafter continue diligently to effect such remedy, then said 30-day period shall be extended to 60 days upon written request from Mortgagor to Mortgagee delivered during such 30-day period, and upon further written request from Mortgagor to Mortgagee delivered during said 60-day period, said 60-day period shall be extended to 90 days (provided, however, that Mortgagee shall not be precluded during any such periods from exercising any remedies available under any of this Mortgage if its security becomes or is about to become materially jeopardized by any failure to cure a default within such period).

5.2 Mortgagee's Options; Subrogation. (a) In case of an Event of Default, Mortgagee may make any payment or perform any act required of Mortgagor and may make full or partial payments of principal or interest on any Lender Financing or prior encumbrances, if any, and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem the Mortgaged Property from any tax sale or forfeiture affecting the Mortgaged Property or contest any tax or assessment thereon. All monies paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including attorneys' fees, and any other monies advanced by Mortgagee to protect the Mortgaged Property and the lien hereof, shall be deemed additional indebtedness secured hereby. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to it on account of any default on the part of Mortgagor.

(b) To the extent that Mortgagee, on or after the date hereof, pays any sum under any provision of law or any instrument or document creating any lien or other interest prior or superior to the lien of this Mortgage, or Mortgagor or any other person or entity pays any such sum with the proceeds of the indebtedness secured hereby, Mortgagee shall have and be entitled to a lien or other interest on the Mortgaged Property equal in priority to the lien or other interest discharged and Mortgagee shall be subrogated to, and receive and enjoy all rights and liens possessed, held or enjoyed by, the holder of such lien, which shall remain in existence and benefit Mortgagee in securing the indebtedness

secured hereby; provided however Mortgagee shall not be entitled to a lien or other interest in the Mortgaged Property pursuant to any lien created by the Lender Financing documents.

5.3 Remedies. Mortgagee's remedies as provided in this Mortgage and the Redevelopment Agreement shall be cumulative and concurrent and may be pursued singularly, successively or together, at the sole discretion of Mortgagee and may be exercised as often as occasion therefor shall arise, and shall not be exclusive but shall be in addition to every other remedy now or hereafter existing at law, in equity or by statute.

5.4 Additional Indebtedness. In the event that the Mortgagee retains an attorney to: (a) assist in collecting amounts owed or enforcing the Mortgagee's rights under this Mortgage or the Redevelopment Agreement; (b) represent Mortgagee in any bankruptcy, reorganization, receivership or other proceedings affecting creditors' rights and involving a claim under this Mortgage or the Redevelopment Agreement; (c) protect or enforce the lien of this Mortgage; or (d) represent Mortgagee in any other proceedings whatsoever in connection with this Mortgage, the Redevelopment Agreement or the Mortgaged Property, then Mortgagor shall pay to Mortgagee all reasonable attorneys' fees, and all costs and expenses incurred in connection therewith.

5.5 No Waiver. Failure of Mortgagee, for any period of time or on more than one occasion, to exercise any such remedy shall not constitute a waiver of the right to exercise the same at any time thereafter or in the event of any subsequent Event of Default. No act of omission or commission of Mortgagee, including specifically any failure to exercise any right or remedy, shall be deemed to be a waiver or release of the same; any such waiver or release is to be effected only through a written document executed by Mortgagee and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as a waiver or release of any subsequent event or as a bar to any subsequent exercise of Mortgagee's rights or remedies hereunder. Except as otherwise specifically required herein, notice of the exercise of any right or remedy granted to Mortgagee is not required to be given.

5.6 Right of Possession. To the extent permitted by law, in any case in which, under the provisions of this Mortgage, Mortgagee has a right to institute foreclosure proceedings, whether before or after the institution of such proceedings or before or after sale thereunder, Mortgagor shall, at the option of Mortgagee, surrender to Mortgagee, and Mortgagee shall be entitled to take, actual possession of all or any portion of the Mortgaged Property personally or by its agents or attorneys, and Mortgagee, in its sole discretion, may enter upon, take and maintain possession of all or any portion of the Mortgaged Property.

Upon taking possession of the Mortgaged Property, Mortgagee may make all necessary or proper repairs, decoration, renewals, replacements, alterations, additions, betterments and improvements in connection with the Mortgaged Property as it may deem judicious to insure, protect and maintain the Mortgaged Property against all risks incidental to Mortgagee's possession, operation and management thereof, and may receive all rents, issues and profits therefrom.

5.7 Foreclosure Sale. The Mortgaged Property or any interest or estate therein sold pursuant to any court order or decree obtained under this Mortgage shall be sold in one parcel, as an entirety, or in such parcels and in such manner or order as Mortgagee, in its sole discretion, may elect, to the maximum extent permitted by Illinois law. At any such sale, Mortgagee may bid for and acquire, as purchaser, all or any portion of the Mortgaged Property and, in lieu of paying cash therefor, may make settlement for the purchase price by crediting upon the indebtedness due the amount of Mortgagee's bid.

5.8 Application of Proceeds from Foreclosure Sale. Proceeds of any foreclosure sale of the Mortgaged Property shall be distributed and applied in the following order of priority: (i) on account of all costs and expenses incident to the foreclosure proceedings, (ii) the amounts owed pursuant to Section 4.1 of this Mortgage, and otherwise due and payable under this Mortgage, with interest thereon at the rate of fifteen percent (15%) per annum (the "Interest Rate"), and (iii) any surplus or remaining funds to Mortgagor, its successors or assigns, as their rights may appear.

5.9 Insurance Upon Foreclosure. Wherever provision is made in the Redevelopment Agreement for insurance policies to bear mortgage clauses or other loss payable clauses or endorsements in favor of Mortgagee, or to confer authority upon Mortgagee to settle or participate in the settlement of losses under policies of insurance or to hold and disburse or otherwise control use of insurance proceeds, from and after the entry of judgment of foreclosure all such rights and powers of Mortgagee shall continue in Mortgagee as judgment creditor or mortgagee until confirmation of sale. Upon confirmation of sale, Mortgagee shall be empowered to assign all policies of insurance to the purchaser at the sale. In case of an insured loss after foreclosure proceedings have been instituted, the proceeds of any insurance policy or policies, if not applied in restoring the Mortgaged Property, shall be used to pay the amount due in accordance with any foreclosure decree that may be entered in any such proceedings, and the balance, if any, shall be paid as the court may direct.

5.10 Waiver of Statutory Rights. To the extent permitted by law, Mortgagor shall not apply for or avail itself of any appraisal, valuation, redemption, reinstatement, stay, extension or exemption laws or any so-called "Moratorium Laws" now existing or hereafter enacted, in order to prevent or hinder the enforcement of foreclosure of this Mortgage and hereby waives the benefit of such laws. Mortgagor, for itself and all who may claim through or under it, waives any and all right to have the property and estates comprising the Mortgaged Property marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Mortgaged Property sold as an entirety. To the extent permitted by law, Mortgagor hereby expressly waives any and all rights of redemption and rein-statement, on its own behalf and on behalf of each and every person having a beneficial interest in Mortgagor, it being the intent hereof that any and all such rights of redemption or rein-statement of Mortgagor and of all other persons are and shall be deemed to be hereby waived. Mortgagor acknowledges that the Mortgaged Property do not constitute agricultural real estate, as said term is defined in Section 5/15-1201 of the Illinois Mortgage Foreclosure Law, 735 ILCS 5/15-1101, et seq. (the "Act") or residential real estate as defined in Section 5/15-1219 of the Act.

5.11 Partial Payments. Acceptance by Mortgagee of any payment which is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of Mortgagee's right to exercise its option to declare the whole of the sum then remaining unpaid, together with all interest thereon at the Interest Rate, immediately due and payable without notice, or any other rights of Mortgagee at that time or any subsequent time, without its express written consent, except and to the extent otherwise provided by law.

5.12 Rescission of Election. The obligation to make immediate payment of the City Funds, once such payment becomes due under the terms of this Mortgage, may at the option of Mortgagee be rescinded, and any proceedings brought to enforce any rights or remedies hereunder may, at Mortgagee's option, be discontinued or dismissed. In either of such events, Mortgagor and Mortgagee shall be restored to their former positions, and the rights, remedies and powers of Mortgagee shall continue as if such obligation to make immediate payment had not been made or such proceedings had not been commenced, as the case may be.

5.13 Protective Advances; Maximum Amount of Indebtedness. All advances, disbursements and expenditures made by Mortgagee before and during a foreclosure, and before and after judgment of foreclosure, and at any time prior to sale, and, where applicable, after sale, and during the pendency of any related proceedings, for the following purposes, in addition to those otherwise authorized by this Mortgage or by the Act (collectively "Protective Advances"), shall have the benefit of all applicable provisions of the Act, including those provisions of the Act hereinbelow referred to:

(a) all advances by Mortgagee to: (i) preserve or maintain, repair, restore or rebuild the improvements upon the Mortgaged Property; (ii) preserve the lien of this Mortgage or the priority thereof; or (iii) enforce this Mortgage, as referred to in Subsection (b) (5) of Section 5/15-1302 of the Act;

(b) payments by Mortgagee of: (i) when due, installments of principal, interest or other obligations in accordance with the terms of the documents evidencing and securing the Lender Financing, if any, or other prior lien or encumbrance; (ii) when due, installments of real estate taxes and assessments, general

and special and all other taxes and assessments of any kind or nature whatsoever which are assessed or imposed upon the Mortgaged Property or any part thereof; (iii) other obligations authorized by this Mortgage; or (iv) with court approval, any other amounts in connection with other liens, encumbrances or interests reasonably necessary to preserve the status of title, as referred to in Section 5/15-1505 of the Act;

(c) advances by Mortgagee in settlement or compromise of any claims asserted by claimants under any mortgages or any other prior liens;

(d) attorneys' fees and other costs incurred: (i) in connection with the foreclosure of this Mortgage as referred to in Sections 5/15-1504(d)(2) and 5/15-1510 of the Act; (ii) in connection with any action, suit or proceeding brought by or against Mortgagee for the enforcement of this Mortgage or arising from the interest of Mortgagee hereunder; or (iii) in the preparation for the commencement or defense of any such foreclosure or other action;

(e) Mortgagee's fees and costs, including attorneys' fees, arising between the entry of judgment of foreclosure and the confirmation hearing as referred to in Subsection (b)(1) of Section 5/15-1508 of the Act;

(f) advances of any amount required to make up a deficiency in deposits for or payments of installments of taxes and assessments and insurance premiums;

(g) expenses deductible from proceeds of sale as referred to in Subsections (a) and (b) of Section 5/15-1512 of the Act;

(h) expenses incurred and expenditures made by Mortgagee for any one or more of the following: (i) if the Mortgaged Property or any portion thereof constitutes one or more units under a condominium declaration, assessments imposed upon the unit owner thereof; (ii) if any interest in the Mortgaged Property is a leasehold estate under a lease or sublease, rentals or other payments required to be made by the lessee under the terms of the lease or sublease; (iii) premiums for casualty and liability insurance paid by Mortgagee whether or not Mortgagee or a receiver is in possession, if reasonably required, in

reasonable amounts, and all renewals thereof, without regard to the limitation to maintaining of existing insurance in effect at the time any receiver or mortgagee takes possession of the Mortgaged Property imposed by Subsection (c)(1) of Section 5/15-1704 of the Act; (iv) repair or restoration of damage or destruction in excess of available insurance proceeds or condemnation awards; (v) payments required or deemed by Mortgagee to be for the benefit of the Mortgaged Property or required to be made by the owner of the Mortgaged Property under any grant or declaration of easement, easement agreement, agreement with any adjoining land owners or instruments creating covenants or restrictions for the benefit of or affecting the Mortgaged Property; (vi) shared or common expense assessments payable to any association or corporation in which the owner of the Mortgaged Property is a member in any way affecting the Mortgaged Property; (vii) if the loan secured hereby is a construction loan, costs incurred by Mortgagee for demolition, preparation for and completion of construction, as may be authorized by the applicable commitment or loan agreement; (viii) pursuant to any lease or other agreement for occupancy of the Mortgaged Property; and (ix) if this Mortgage is insured, payments of FHA or private mortgage insurance.

All Protective Advances shall be so much additional indebtedness secured by this Mortgage.

This Mortgage shall be a lien for all Protective Advances as to subsequent purchasers and judgment creditors from the time this Mortgage is recorded pursuant to Subsection (b)(1) of Section 5/15-1302 of the Act.

All Protective Advances shall, except to the extent, if any, that any of the same is clearly contrary to or inconsistent with the provisions of the Act, apply to and be included in:

(1) the determination of the amount of indebtedness secured by this Mortgage at any time;

(2) the indebtedness found due and owing to Mortgagee in the judgment of foreclosure and any subsequent supplemental judgments, orders, adjudications or findings by the court of any additional indebtedness becoming due after such entry of judgment, it being agreed that in any foreclosure judgment, the

court may reserve jurisdiction for such purpose;

(3) if the right of redemption has not been waived by this Mortgage, computation of amount required to redeem, pursuant to Subsections (d)(2) and (e) of Section 5/15-1603 of the Act;

(4) the determination of amounts deductible from sale proceeds pursuant to Section 5/15-1512 of the Act;

(5) the application of income in the hands of any receiver or mortgagee in possession; and

(6) the computation of any deficiency judgment pursuant to Subsections (b)(2) and (e) of Sections 5/15-1508 and Section 5/15-1511 of the Act.

The maximum principal amount of indebtedness secured by this Mortgage shall be \$13,200,000, plus any Protective Advances, with interest on such sum at the Interest Rate.

SECTION VI

MISCELLANEOUS PROVISIONS

6.1 Notice. Unless otherwise specified, any notice, demand or request required hereunder shall be given in the same manner as in Section 17 of the Redevelopment Agreement.

6.2 Time. Time is of the essence with respect to this Mortgage and the performance of the covenants contained herein.

6.3 Modifications. This Mortgage may not be altered, amended, modified, canceled, changed or discharged except by written instrument signed by Mortgagor and Mortgagee or their respective permitted successors and permitted assigns.

6.4 Headings. The headings of articles, sections, paragraphs and subparagraphs in this Mortgage are for convenience of reference only and shall not be construed in any way to limit or define the content, scope or intent of the provisions hereof.

6.5 Governing Law; Venue; Jurisdiction. This Mortgage shall be construed and enforced according to the internal laws of the

State of Illinois without regard to its conflict of laws principles. If there is a lawsuit under this Mortgage, each party agrees to submit to the jurisdiction of the courts of Cook County, the State of Illinois, or the United States District Court for the Northern District of Illinois.

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

6.7 Grammar. As used in this Mortgage, the singular shall include the plural, and masculine, feminine and neuter pronouns shall be fully interchangeable, where the context so requires.

6.8 Successors and Assigns. This Mortgage and each and every covenant, agreement and other provision hereof shall be binding upon Mortgagor and its successors and assigns (including, without limitation, each and every record owner of the Mortgaged Property or any other person having an interest therein), and shall inure to the benefit of Mortgagee and its successors and assigns. Nothing in this Section 6.8 shall be construed to modify the transfer and assignment limitations set forth in the Redevelopment Agreement.

6.9 Further Assurances. Mortgagor will perform, execute, acknowledge and deliver every act, deed, conveyance, transfer and assurance necessary or proper, in the sole judgment of Mortgagee, for assuring, conveying, mortgaging, assigning and confirming to Mortgagee all property mortgaged hereby or property intended so to be, whether now owned or hereafter acquired by Mortgagor, and for creating, maintaining and preserving the lien and security interest created hereby on the Mortgaged Property. Upon any failure by Mortgagor to do so, Mortgagee may make, execute and record any and all such documents for and in the name of Mortgagor, and Mortgagor hereby irrevocably appoints Mortgagee and its agents as attorney-in-fact for that purpose. Mortgagor will reimburse Mortgagee for any sums expended by Mortgagee in making, executing and recording such documents including attorneys' fees and court costs.

6.10 Security Agreement. This Mortgage shall be construed as a "security agreement" within the meaning of and shall create a security interest under the Uniform Commercial Code as adopted by the State of Illinois with respect to any part of the Mortgaged Property which constitutes fixtures or personal property. Mortgagee shall have all the rights with respect to such fixtures or personal property afforded to it by said Uniform Commercial Code in addition to, but not in limitation of, the other rights afforded Mortgagee by this Mortgage or any other agreement. Upon the recording hereof, this Mortgage shall constitute a financing statement under the Uniform Commercial Code, with Mortgagor being the Debtor, Mortgagee being the Secured Party, and the parties having the addresses set forth in the recitals. This Mortgage is a "construction mortgage" as that term is defined in Section 9-313(1)(c) of said Uniform Commercial Code.

6.11 No Merger. It being the desire and intention of the parties hereto that this Mortgage and the lien thereof do not merge in fee simple title, it is hereby understood and agreed that should Mortgagee acquire any additional or other interests in or to the Mortgaged Property or the ownership thereof, then, unless a contrary interest is manifested by Mortgagee, as evidenced by an appropriate document duly recorded, this Mortgage and the lien thereof shall not merge in the fee simple title, toward the end that this Mortgage may be foreclosed as if owned by a stranger to the fee simple title.

[Signatures Appear On Next Page]

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IN WITNESS WHEREOF, the undersigned have caused this Mortgage to be executed as of the day and year first above written.

MORTGAGOR:

343 SOUTH DEARBORN II, L.L.C., an
Illinois limited liability company

BY: 343 SOUTH DEARBORN I, L.L.C.,
an Illinois limited liability
company

By: _____

Its: _____

For purposes of Section 3.3:

MORTGAGEE:

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

Christopher R. Hill
Commissioner

99566731

IN WITNESS WHEREOF, the undersigned have caused this Mortgage to be executed as of the day and year first above written.

MORTGAGOR:

343 SOUTH DEARBORN II, L.L.C., an Illinois limited liability company


BY: 343 SOUTH DEARBORN I, L.L.C., an Illinois limited liability company

By: _____
Its: _____

For purposes of Section 3.3:

MORTGAGEE:

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



Christopher R. Hill
Commissioner

99566731

EXHIBIT A

PROPERTY LEGAL DESCRIPTION

LOTS 18, 19 AND 24 (EXCEPT THAT PART OF SAID LOTS TAKEN FOR DEARBORN STREET) IN GEORGE W. SNOW'S SUBDIVISION OF BLOCK 139 IN SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Commonly known as 343 South Dearborn Street, Chicago, Illinois

PINs: 17-16-234-005
 17-16-234-006

99E66731

Exhibit B

PERMITTED EXCEPTIONS

1. General Real Estate Taxes for the year 1998 second installment and subsequent years not yet due and payable.
2. The premises lying within the boundaries of a special service area as disclosed by Ordinance recorded as Document 91075841.
3. Agreement dated November 1, 1871 and recorded February 27, 1875 in Book 495, Page 211 as Document 15792 between Benjamin Lombard and Anna Maire Bailey and Henry Bailey, her husband for a party wall between Lot 18 and Lot 13, North of adjoining to said lot. (Affects Lot 18)
4. Agreement dated December 19, 1905 and recorded January 12, 1906 as Document 3807384 between Lucius G. Fisher and Hiram B. Peabody relating to a party wall on the North line of Lot 18. (Affects Lot 18)
5. Agreement between the Northern Trust Company as Trustee under the last will and testament of Hiram B. Peabody, deceased and The Standard Club leasing premises not now in question dated December 21, 1923 and recorded October 23, 1924 as Document 8642058 relating to party walls and caissons that may affect Lot 18.
6. By ordinance passed September 20, 1978 a copy of which was recorded October 17, 1978 as Document 24674440 the Commission on Chicago Historical and Architectural Landmarks has declared that the building is designated "A Chicago Landmark".
7. Covenants and Restrictions contained in the Redevelopment Agreement, Agreement Document recorded on _____, 1999 as Document No. _____ which does not contain a reversionary or forfeiture clause.
8. Encroachments as shown on Survey dated April 23, 1999 last revised May 25, 1999 prepared by Guarantee Survey Company as Order No. 9904017.
9. Liens in favor of LaSalle National Banking Association securing that certain loan in the maximum principal amount of \$29,500,000.
10. *Redevelopment Subordination Agreement.*
11. *Subordination Agreement.*

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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Joyce R Landau, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY THAT Harold Lichterman, personally known to me to be the managing member of 343 South Dearborn I, L.L.C., an Illinois limited liability company (the "Managing Member"), on its behalf and in its capacity as the managing member of 343 South Dearborn II, L.L.C., an Illinois limited liability company (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 he/she signed, sealed and delivered said instrument, pursuant to the authority given to him/her by the Managing Member and the Developer, as his/her free and voluntary act and as the free and voluntary act of the Managing Member and the Developer, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 10th day of June, 1999.

Joyce R. Landau
Notary Public

My Commission Expires _____



(SEAL)

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5643/0062 04 001 Page 1 of 10
1999-06-14 10:18:33
Cook County Recorder 39.00

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This document prepared by
and after recording return to:
Steven J. Holler
Assistant Corporation Counsel
Department of Law
City of Chicago
121 North LaSalle Street, Room 600
Chicago, IL 60602

REDEVELOPMENT SUBORDINATION AGREEMENT

This Redevelopment Subordination Agreement ("Agreement") is made and entered into as of the 11th day of June, 1999 between the City of Chicago by and through its Department of Planning and Development (the "City"), and LaSalle Bank National Association, a national banking association, as (a) issuer of that certain irrevocable, transferable letter of credit in the amount of \$6,600,000 (the "Construction L/C"), (b) issuer of that certain irrevocable, transferable letter of credit in the amount of \$950,000 (the "Payment L/C") and, (c) lender with respect to that certain loan in the principal amount of up to \$29,500,000 (which amount includes the letter of credit amounts specified above) (the "LaSalle Loan") (in all such capacities, "LaSalle").

W I T N E S S E T H:

WHEREAS, 343 South Dearborn II, L.L.C., an Illinois limited liability company, (the "Developer"), has acquired certain property located within the Central Loop Redevelopment Project Area commonly known as The Fisher Building at 343 South Dearborn Street, Chicago, Illinois 60604 (the "Building") and legally described on Exhibit A hereto (the "Property"), in order to rehabilitate the Building for (a) a residential project consisting of approximately 184 residential rental units on the 3rd through 21st floors, and (b) first floor retail space totaling approximately 6,275 sq. ft.

BOX 333-CT

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and second floor office or retail space totaling approximately 8,200 sq. ft., and (c) certain other improvements (collectively, the "Project"); and

WHEREAS, as part of obtaining financing for the Project, the Developer and LaSalle have entered into (a) that certain Loan Agreement dated as of June _____, 1999 (the "Loan Agreement") pursuant to which LaSalle has agreed to issue the Construction L/C, the Payment L/C and provide the LaSalle Loan, which loan is evidenced by a Mortgage Note (the "LaSalle Note") in the original principal amount of \$29,550,000 to be executed and delivered by the Developer to LaSalle, and the repayment of the LaSalle Loan is secured by certain liens and encumbrances on the Property and other property of the Developer pursuant to the Loan Agreement (all such agreements being referred to herein collectively as the "LaSalle Loan Documents"); and

WHEREAS, the Developer desires to enter into a certain Redevelopment Agreement dated as of June 11, 1999 with the City in order to obtain tax incremental revenue 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 certain covenants expressly running with the Property, as set forth in Sections 8.01(o), 8.02, 8.19 and 8.20 of the Redevelopment Agreement (the "City Encumbrances");

WHEREAS, the City has agreed to enter into the Redevelopment Agreement with the Developer, subject to, 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 LaSalle to subordinate its liens under the LaSalle Loan Document to the City Encumbrances; and

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

1. Subordination. All rights, interests and claims of LaSalle in the Property pursuant to the LaSalle Loan Documents are

and shall be subject and subordinate to the City Encumbrances. Nothing herein, however, shall be deemed to limit any of LaSalle's other rights or other priorities under the Loan Documents, including, without limitation, LaSalle's rights to receive, and the Developer's obligation to make, payments and prepayments of principal and interest on the LaSalle Note or to exercise LaSalle's rights pursuant to the LaSalle Loan Documents except as provided herein. Furthermore, nothing herein shall have any affect whatsoever on the respective rights, obligations and covenants of LaSalle and the City under that certain Subordination Agreement dated June 11, 1999.

2. Notice of Default. LaSalle shall use reasonable efforts to give to the City, and the City shall use reasonable efforts to give to LaSalle, (a) copies of any notices of default which it may give to the Developer with respect to the Project pursuant to the LaSalle Loan Documents or the City Agreements, as applicable, and (b) copies of waivers, if any, of the Developer's default in connection therewith. Neither the Developer nor any other third party is an intended beneficiary of this Section 2. Failure of any party to deliver such notices or waivers shall in no instance alter the rights or remedies of such party under the LaSalle Loan Documents or the City Agreements, as applicable.

3. Waivers. No waiver shall be deemed to be made by the City or LaSalle 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 LaSalle 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 LaSalle.

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

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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
121 North LaSalle Street, Room 1000
Chicago, Illinois 60602
Attention: Commissioner

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

If to LaSalle: LaSalle Bank National Association
135 S. LaSalle Street
Suite 1225
Chicago, Illinois 60603

or to such other address as either party may designate for itself by notice. Notice shall be deemed to have been duly given (i) if delivered personally or otherwise actually received, (ii) if sent by overnight delivery service, (iii) if mailed by first class United States mail, postage prepaid, registered or certified, with return receipt requested, or (iv) if sent by facsimile with facsimile confirmation of receipt (with duplicate notice sent by United States mail as provided above). Notice mailed as provided in clause (iii) above shall be effective upon the expiration of three (3) business days after its deposit in the United States mail. Notice given in any other manner described in this paragraph shall be effective upon receipt by the addressee thereof; provided, however, that if any notice is tendered to an addressee and delivery thereof is refused by such addressee, such notice shall be effective upon such tender.

7. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one instrument.

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

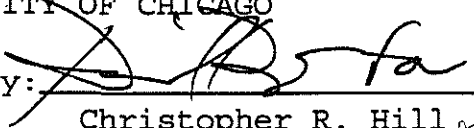
LASALLE:

LASALLE BANK NATIONAL ASSOCIATION, a national banking association

By: _____
Its: _____

CITY:

CITY OF CHICAGO

By:  _____
Christopher R. Hill
Commissioner
Department of Planning and Development

ACKNOWLEDGED AND AGREED TO THIS
___ DAY OF JUNE, 1999

343 SOUTH DEARBORN II, L.L.C. an Illinois limited liability company

By: 343 South Dearborn I, L.L.C.,
an Illinois limited liability
company, its managing member

By: _____
Its: _____

343 SOUTH DEARBORN I, L.L.C., an Illinois limited liability company

By: _____
Its: Managing Member

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

LASALLE:

LASALLE BANK NATIONAL ASSOCIATION, a national banking association

By: [Signature]
Its: VP

CITY:

CITY OF CHICAGO

By: _____
Christopher R. Hill
Commissioner
Department of Planning and
Development

ACKNOWLEDGED AND AGREED TO THIS
___ DAY OF JUNE, 1999

343 SOUTH DEARBORN II, L.L.C. an Illinois
limited liability company

By: 343 South Dearborn I, L.L.C.,
an Illinois limited liability
company, its managing member

By: [Signature]
Its: _____

343 SOUTH DEARBORN I, L.L.C., an Illinois
limited liability company

By: [Signature]
Its: Managing Member

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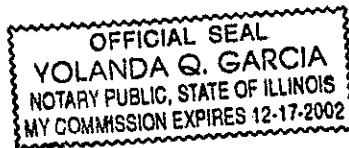
STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a notary public in and for the County and State aforesaid, DO HEREBY CERTIFY THAT Christopher R. Hill, 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, he signed and delivered the said instrument pursuant to authority, as his 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 10th day of June, 1999.

Yolanda Q. Garcia
Notary Public

(SEAL)

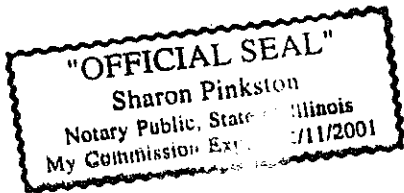


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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, SHARON PINKSTON, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY THAT Geoff Koss, personally known to me to be the vice President of LaSalle Bank National Association, a national banking association ("LaSalle"), 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/she signed, sealed and delivered said instrument, pursuant to the authority given to him/her by LaSalle, as his/her free and voluntary act and as the free and voluntary act of LaSalle, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 9th day of June, 1999.



Sharon Pinkston
Notary Public

My Commission Expires 2/11/2001

(SEAL)

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Joyce R. Landau, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY THAT Harold Lichterman, personally known to me to be the managing member of 343 South Dearborn I, L.L.C., an Illinois limited liability company (the "Managing Member"), on its behalf and in its capacity as the managing member of 343 South Dearborn II, L.L.C., an Illinois limited liability company (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 he/she signed, sealed and delivered said instrument, pursuant to the authority given to him/her by the Managing Member and the Developer, as his/her free and voluntary act and as the free and voluntary act of the Managing Member and the Developer, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 10th day of June, 1999.



Joyce R Landau
Notary Public

My Commission Expires _____

(SEAL)

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EXHIBIT A

PROPERTY LEGAL DESCRIPTION

LOTS 18, 19 AND 24 (EXCEPT THAT PART OF SAID LOTS TAKEN FOR DEARBORN STREET) IN GEORGE W. SNOW'S SUBDIVISION OF BLOCK 139 IN SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Commonly known as 343 South Dearborn Street, Chicago, Illinois

PINS: 17-16-234-005-0000
 17-16-234-006-0000