

Contract Summary Sheet

Contract (PO) Number: 18856

Specification Number: 70419

Name of Contractor: FOREST CITY CENTRAL STATION IN

City Department: PLANNING & DEVELOPMENT

Title of Contract: Residential/Retail Dev: 1255-1259 S. Michigan

Term of Contract: Start Date: 2004-06-14

End Date: 2014-12-31

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

\$14 000 000,00

Brief Description of Work: Residential/Retail Dev: 1255-1259 S. Michigan

Procurement Services Contract Area: COMPTROLLER-OTHER

Vendor Number: 50072828

Submission Date:

SEP - 4 2008

8800164

The following is said ordinance as passed:

WHEREAS, By virtue of Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois, the City of Chicago (the "City") is a home rule unit of local government and, as such, may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, By this ordinance, the City Council of the City (the "City Council") has determined that it is necessary and in the best interests of the City to provide financing to (i) FC Central Station Residential, L.L.C., an Illinois limited liability company (the "Multi-Family Housing Borrower"), the sole member of which is FC Central Station Properties, L.L.C., an Illinois limited liability company ("FC Central Station"), the members of which are Forest City Equity Services, Inc., an Ohio corporation ("Forest Equity") and Forest City Central Station, Inc., an Ohio corporation ("F.C.C.S."); Forest Equity's sole shareholder is Forest City Residential Group, Inc., an Ohio corporation ("F.C.R.G."), the sole shareholder of F.C.C.S. and F.C.R.G. is Forest City Rental Properties Corporation, an Ohio corporation, the sole shareholder of which is Forest City Enterprises, Inc., an Ohio corporation, and (ii) FC Central Station Senior, L.L.C., an Illinois limited liability company (the "Senior Housing Borrower"), the member of which is FC Central Station, the members of which are Forest Equity and F.C.C.S. (the Multi-Family Housing Borrower and the Senior Housing Borrower are collectively referred to as the "Borrowers"), to pay a portion of the costs of acquiring, constructing and equipping (i) an approximately four hundred eleven (411) unit multi-family housing development located generally at 1255 through 1259 South Michigan Avenue, Chicago, Illinois (the "Multi-Family Housing Development"), and (ii) an approximately ninety-one (91) unit senior housing development, located generally at 1255 through 1259 South Michigan Avenue, Chicago, Illinois (the "Senior Housing Development" and, together with the Multi-Family Housing Development, the "Developments"); and

WHEREAS, The Senior Housing Borrower will enter into a long-term lease with the Multi-Family Housing Borrower for use of the land on which the Senior Housing Development will be located in order to own, construct and operate the Senior Housing Development;

WHEREAS, It is anticipated that the membership of the Senior Housing Borrower may also in the future include Apollo Housing Capital, L.L.C., an Illinois limited liability company, and Apollo Housing Manager II, Inc., a Delaware corporation (together, the "Apollo entities"), or others to be hereafter selected; and

WHEREAS, By this ordinance, the City Council has determined that it is necessary and in the best interests of the City to borrow money for the purposes set forth above and in evidence of its special, limited obligation to repay that borrowing, to issue the City's (i) Variable Rate Demand Multi-Family Housing Revenue Bonds (Central Station Multi-Family Project), Series 2004A, in an amount of not to exceed Ninety Million Dollars (\$90,000,000) (the "Multi-Family Housing Bonds"), (ii) Multi-Family Housing Revenue Bonds (Central Station Multi-Family Project), Series 2004B, in an amount of not to exceed Fifteen Million Dollars (\$15,000,000) (the "Multi-Family Borrower Bonds") and (iii) Variable Rate Demand Multi-Family Housing Revenue Bonds (Central Station Senior Housing Project), Series 2004, in an amount of not to exceed Ten Million Dollars (\$10,000,000) (the "Senior Bonds" and, together with the Multi-Family Housing Bonds and the Multi-Family Borrower Bonds, the "Bonds"); provided, however, that the aggregate amount of Bonds authorized to be issued shall not exceed Ninety-five Million Dollars (\$95,000,000), and to make one or more loans to the Multi-Family Housing Borrower evidenced by one or more promissory notes from the Multi-Family Housing Borrower to the City (the "Multi-Family Housing Borrower Note") and to make a loan to the Senior Housing Borrower evidenced by a promissory note from the Senior Housing Borrower to the City (the "Senior Housing Borrower Note" and, together with the Multi-Family Housing Borrower Note, the "Notes"), as provided in this ordinance; and

WHEREAS, The Borrowers desire that the City issue, sell and deliver the Multi-Family Housing Bonds, the Multi-Family Borrower Bonds and the Senior Housing Bonds, respectively, to be issued under the terms and conditions of this ordinance and two (2) separate Trust Indentures with respect to (i) the Multi-Family Housing Bonds and the Multi-Family Borrower Bonds and (ii) the Senior Housing Bonds (together, the "Bond Indentures") to be entered into between the City and a trustee (the "Trustee") to be selected by the City Comptroller of the City (the "City Comptroller") or, if so designated and determined by the City Comptroller, the Chief Financial Officer of the City appointed by the Mayor (the City Comptroller, or if so designated and determined by the City Comptroller, the Chief Financial Officer, each being referred to herein as an "Authorized Officer"); and

WHEREAS, As further security for the Bonds (other than the Multi-Family Borrower Bonds), Fannie Mae, a corporation organized and existing under the Federal National Mortgage Association Charter Act ("Fannie Mae"), has agreed to provide credit enhancement by issuing two (2) direct pay irrevocable, transferable credit enhancement instruments in favor of the Trustee under each Bond Indenture (each a "Credit Facility" and together, the "Credit Facilities") in an amount respectively equal to the (i) principal amount of each series of Bonds (other than the Multi-Family Borrower Bonds) or that portion of the purchase price of each series of Bonds (other than the Multi-Family Borrower Bonds) equal to the principal amount of each series of Bonds (other than the Multi-Family Borrower Bonds), each

delivered for purchase pursuant to the terms of the respective Bond Indentures, and (ii) interest which would accrue on each series of Bonds (other than the Multi-Family Borrower Bonds) within the largest number of days required by any rating agency then rating each series of Bonds (other than the Multi-Family Borrower Bonds), at a rate not to exceed twelve percent (12%) per annum, respectively, under which the Trustee will be authorized to draw amounts necessary to pay the principal of and interest on each series of Bonds (other than the Multi-Family Borrower Bonds) when due; and

WHEREAS, To secure the reimbursement obligation of the Borrowers to Fannie Mae for draws on the Credit Facilities to pay, if necessary, principal of, premium, if any, and interest on each series of Bonds, the Borrowers will grant a first (1st) mortgage on each Development in favor of Fannie Mae; and

WHEREAS, The Multi-Family Housing Bonds and the Senior Housing Bonds, together with interest thereon, shall be a special, limited obligation of the City, payable respectively from the loan payments received by the City pursuant to (i) a Financing Agreement by and among the City, the Trustee and the Multi-Family Housing Borrower (the "Multi-Family Housing Borrower Financing Agreement"), (ii) a financing agreement by and among the City, the Trustee and the Senior Housing Borrower (the "Senior Housing Borrower Financing Agreement" and, together with the Multi-Family Housing Borrower Financing Agreement, the "Financing Agreements"), (iii) the related Notes, pursuant to which the Borrowers will each make loan payments sufficient to pay when due, the principal of, premium, if any, and interest on the respective series of Bonds, and (iv) the amounts paid by Fannie Mae under the respective Credit Facilities; and

WHEREAS, The Multi-Family Borrower Bonds, together with interest thereon, shall be a special, limited obligation of the City, payable from the loan proceeds received by the City pursuant to the related Note pursuant to which the Multi-Family Housing Borrower will make loan payments sufficient to pay when due the principle of, premium, if any, and interest on the Multi-Family Borrower Bonds; and

WHEREAS, As a condition to issuing the Credit Facilities, and in order to provide for the long-term financing of the Developments, the respective Borrowers and Fannie Mae have entered into one or more reimbursement agreements, pursuant to which Fannie Mae reserves the right to require the Borrowers to prepay a portion of the Borrowers' payments under the related Notes at the end of the construction period for their respective Development, based upon projections of debt service coverage achievable by the applicable Development at that time; and

WHEREAS, If a Borrower is required to prepay a portion of a Note in accordance with the terms of a reimbursement agreement, the amount of the Credit Facility securing the respective series of Bonds will be reduced, and a corresponding

amount of such Bonds will be converted in accordance with the terms of the related Bond Indenture into fixed rate multi-family housing bonds to be remarketed at the time of conversion to Newman & Associates, Inc. or another purchaser acceptable to the City; and

WHEREAS, The Bonds so converted and remarketed shall continue to be special, limited obligations of the City, payable from loan payments received by the City from the Borrowers, although not secured by the Notes or amounts paid under the related Credit Facility; and

WHEREAS, The Bonds and the obligation to pay interest thereon do not now and shall never constitute an indebtedness or an obligation of the City, the State of Illinois or any political subdivision thereof, within the purview of any constitutional limitation or statutory provision, or a charge against the general credit or taxing powers of any of them; and

WHEREAS, After the City held the necessary public hearings required by the Tax Increment Allocation Redevelopment Act, Division 74.4 of Article 11 of the Illinois Municipal Code, as supplemented and amended (the "Act"), to induce redevelopment pursuant to the Act, the City Council of the City (the "City Council") adopted the following ordinances on November 28, 1990: (1) "Approval Of Tax Increment Redevelopment Plan And Redevelopment Project For Central Station Area Redevelopment Tax Increment Financing Project", (2) "Designation Of Central Station Area as Redevelopment Project Area Pursuant To Tax Increment Allocation Redevelopment Act", and (3) "Adoption Of Tax Increment Financing For Central Station Area Redevelopment Project" (collectively, the "Central Station Adoption Ordinance") (the redevelopment project area referred to above shall be referred to herein as the "Original Project Area"); and

WHEREAS, On August 3, 1994, the City Council determined that the Original Project Area should be expanded to include additional contiguous areas (the "Added Property" and, together with the Original Project Area, the "Expanded Project Area") pursuant to and in accordance with the Act; and

WHEREAS, In connection with the addition of the Added Property to the Original Project Area, the City held the necessary public hearings required by the Act and on August 3, 1994, by an ordinance duly adopted by the City Council on that date and entitled: "Approval And Adoption Of Tax Increment Redevelopment Project and Plan For Near South Redevelopment Project Area" (the "Near South Approval Ordinance"), the City approved the Expanded Area Redevelopment Project and Plan (as defined in the Near South Approval Ordinance) for the Expanded Project Area; and

WHEREAS, The City has, by an ordinance duly adopted by the City Council on August 3, 1994, and entitled: "Designation Of Near South Redevelopment Project

Area As Tax Increment Financing District" re-confirmed the designation of the Original Project Area and has designated the Expanded Project Area as a redevelopment project area as provided in the Act; and

WHEREAS, On August 3, 1994, by an ordinance duly adopted by the City Council on that date and entitled: "Adoption Of Tax Increment Financing For Near South Redevelopment Project Area" (the "Near South Adoption Ordinance", and, together with the Central Station Adoption Ordinance, as amended by the Near South Adoption Ordinance, the "Adoption Ordinance"), the City adopted tax increment allocation financing to pay redevelopment project costs (as defined in the Act) as set forth in the Expanded Area Redevelopment Project and Plan for the Expanded Project Area and directed that the allocation of ad valorem taxes arising from levies by taxing districts upon the taxable real property in the Expanded Project Area and tax rates be divided in accordance with the Act and as described in the Adoption Ordinance; and

WHEREAS, Each Development is located in the Expanded Project Area; and

WHEREAS, Each Development is necessary for the redevelopment of the Expanded Project Area; and

WHEREAS, The Borrowers and F.C.C.S. have proposed to undertake the redevelopment of the Developments in accordance with the Plan and pursuant to the terms and conditions of a proposed redevelopment agreement to be executed by the Borrowers, F.C.C.S. and the City to be financed in part by certain pledged incremental taxes deposited from time to time in the 1990 Central Station Tax Increment Redevelopment Area Special Tax Allocation Fund (as defined in the Adoption Ordinance) pursuant to Section 5/11-74.4-8(b) of the Act ("Incremental Taxes"); and

WHEREAS, The City Council has determined by this ordinance that it is necessary and in the best interests of the City to enter into the following documents:

- (a) the Bond Indentures, providing for the security for and terms and conditions of the respective series of Bonds to be issued; and
- (b) the Financing Agreements, each providing for the corresponding making of a mortgage loan by the City to the Borrowers, respectively, all for the purposes described above; and
- (c) a bond purchase agreement (the "Bond Purchase Agreement") among the City, the Borrowers and the Underwriters (as defined below), providing for the sale of the Bonds and the preparation and circulation of a preliminary

official statement for the Bonds (the "Preliminary Official Statement") and an official statement for the Bonds (the "Official Statement"); and

- (d) Tax Exemption Certificate and Agreement among the City and the Multi-Family Housing Borrower (the "Multi-Family Housing Borrower Bond Arbitrage Agreement"); and
- (e) Tax Exemption Certificate and Agreement among the City and the Senior Housing Borrower (the "Senior Housing Borrower Bond Arbitrage Agreement" and, together with the Multi-Family Housing Borrower Arbitrage Agreement, the "Bond Arbitrage Agreements"); and
- (f) a Regulatory Agreement and Declaration of Restrictive Covenants among the City, the Trustee and the Multi-Family Housing Borrower (the "Multi-Family Housing Borrower Regulatory Agreement"); and
- (g) a Regulatory Agreement and Declaration of Restrictive Covenants among the City, the Trustee and the Senior Housing Borrower (the "Senior Housing Borrower Regulatory Agreement" and, together with the Multi-Family Housing Borrower Regulatory Agreement, the "Regulatory Agreements"); and
- (h) an Assignment and Intercreditor Agreement among the City, the Trustee, and the Multi-Family Housing Borrower (the "Multi-Family Housing Borrower Assignment Agreement"); and
- (i) an Assignment and Intercreditor Agreement among the City, the Trustee, and the Senior Housing Borrower (the "Senior Housing Borrower Assignment Agreement" and, together with the Multi-Family Housing Borrower Assignment Agreement, the "Assignment Agreements"); and
- (j) a Redevelopment Agreement among the City, the Borrowers and F.C.C.S. with respect to the Developments (the "Redevelopment Agreement"); and

WHEREAS, There has been presented to this meeting of the members of the City Council forms of the following documents:

- (a) the Bond Indentures, attached as Exhibits A-1 and A-2, respectively, and included in the related Bond Indenture is a form of the Bonds to be issued by the City; and
- (b) the Bond Financing Agreements, attached as Exhibits B-1 and B-2, respectively, and included therein is a form of the Multi-Family Housing Borrower Note and the Senior Housing Borrower Note, respectively; and

- (c) the Regulatory Agreements, attached as Exhibits C-1 and C-2, respectively; and
- (d) the Assignment Agreements, attached as Exhibits D-1 and D-2, respectively; and
- (e) the Redevelopment Agreement, attached as Exhibit E; now, therefore,

Be It Ordained by the City Council of the City of Chicago, as follows:

SECTION 1. Incorporation Of Recitals. The recitals contained in the preambles to this ordinance are hereby incorporated into this ordinance by this reference. All capitalized terms used in this ordinance, unless otherwise defined herein, shall have the meanings ascribed thereto in the Bond Indenture.

SECTION 2. Findings And Determinations. The City Council hereby finds and determines that the delegations of authority that are contained in this ordinance, including the authority to make the specific determinations described herein, are necessary and desirable because the City Council cannot itself as advantageously, expeditiously or conveniently exercise such authority and make such specific determinations. Thus, authority is granted to the Mayor or an Authorized Officer to determine to sell the Bonds and on such terms as and to the extent such officers determine that such sale or sales is desirable and in the best financial interest of the City.

SECTION 3. Authorization Of Bonds. The issuance of the Multi-Family Housing Bonds in an aggregate principal amount of not to exceed Ninety Million Dollars (\$90,000,000), the Multi-Family Borrower Bonds in an aggregate principle amount of not to exceed Fifteen Million Dollars (\$15,000,000), and the issuance of the Senior Housing Bonds in an aggregate principal amount of not to exceed Ten Million Dollars (\$10,000,000) is hereby authorized; provided, however, that the total aggregate original amount of the Bonds to be issued under this ordinance shall not exceed Ninety-five Million Dollars (\$95,000,000). The aggregate principal amount of the Bonds to be issued shall be as set forth in the Notification of Sale referred to below.

The Bonds shall contain a provision that they are issued under authority of this ordinance. The Bonds shall not mature later than December 31, 2047. The Bonds shall bear interest at a rate that is in effect from time to time in accordance with the provisions set forth in the applicable Bond Indenture and payable on the interest payment date(s) as set forth in the applicable Bond Indenture, including, with respect to Bonds that are specially converted to a fixed interest rate following completion of construction in accordance with the terms set forth in the exhibit to

the Bond Indenture applicable to such Bonds. The Bonds shall be dated, shall be subject to redemption prior to maturity, shall be payable in such places and in such manner and shall have such other details and provisions as prescribed by the respective Bond Indenture and the form of the Bonds therein. The interest rate on the Bonds is subject to adjustment in accordance with the terms of the respective Bond Indenture. The maximum interest rate on the Bonds shall be twelve (12) percent per year.

The provisions for execution, signatures, authentication, payment and prepayment, with respect to the Bonds shall be as set forth in the Bond Indentures and the form of the Bonds therein.

The Mayor and an Authorized Officer are each hereby authorized to execute and deliver the Bond Indentures on behalf of the City, such Bond Indentures to be in substantially the form attached hereto as Exhibits A-1 and A-2, respectively, and made a part hereof and hereby approved with such changes therein as shall be approved by the Mayor or an Authorized Officer executing the same, with such execution to constitute conclusive evidence of their approval and the City Council's approval of any changes or revisions from the form of the Bond Indentures attached to this ordinance.

The Mayor and an Authorized Officer are each hereby authorized to act as an authorized officer of the City for the purposes provided in the Bond Indenture.

The Mayor and an Authorized Officer are each hereby authorized to execute and deliver the Bond Financing Agreements on behalf of the City, such Bond Financing Agreements to be in substantially the forms attached hereto as Exhibits B-1 and B-2, respectively, and made a part hereof and hereby approved with such changes therein as shall be approved by the Mayor or an Authorized Officer executing the same, with such execution to constitute conclusive evidence of their approval and the City Council's approval of any changes or revisions from the forms of the Financing Agreements attached to this ordinance.

The Mayor and an Authorized Officer are each hereby authorized to execute and deliver the Regulatory Agreements on behalf of the City, such Regulatory Agreements to be in substantially the forms attached hereto as Exhibits C-1 and C-2, respectively, and made a part hereof and hereby approved with such changes therein as shall be approved by the Mayor or an Authorized Officer executing the same, with such execution to constitute conclusive evidence of their approval and the City Council's approval of any changes or revisions from the forms of the Regulatory Agreements attached to this ordinance.

The Mayor and an Authorized Officer are each hereby authorized to execute and deliver the Assignment Agreements on behalf of the City, such Agreements to be in

substantially the forms attached hereto as Exhibits D-1 and D-2, respectively, and made a part hereof and hereby approved with such changes therein as shall be approved by the Mayor or an Authorized Officer executing the same, with such execution to constitute conclusive evidence of their approval and the City Council's approval of any changes or revisions from the forms of the Assignment Agreements attached to this ordinance.

The Mayor or an Authorized Officer are each hereby authorized to execute and deliver one (1) or more Bond Arbitrage Agreements on behalf of the City, in substantially the form of tax agreements used in previous issuances of tax-exempt bonds pursuant to programs similar to the Bonds, with appropriate revisions to reflect the terms and provisions of the Bonds and the applicable provisions of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the "Code"), and with such other revisions in text as the Mayor or an Authorized Officer executing the same shall determine are necessary or desirable in connection with the exclusion from gross income for federal income tax purposes of interest on the Bonds. The execution of the Bond Arbitrage Agreements by the Mayor or an Authorized Officer shall be deemed conclusive evidence of the approval of the City Council to the terms provided in the Bond Arbitrage Agreements.

SECTION 4. Security For The Bonds. In order to secure the payment of the principal of, premium, if any, and interest on the Bonds, such rights, proceeds and investment income are hereby pledged to the extent and for the purposes as provided in the applicable Bond Indenture and are hereby appropriated for the purposes set forth in the applicable Bond Indenture. The right, title and interest of the City (except for certain rights to notice, indemnification, and reimbursement) in, to and under the Financing Agreements and the Notes, and the revenues to be derived by the City thereunder, will be assigned to the Trustee under the respective Bond Indentures. In addition, the payment of the principal of, premium, if any, and interest on the Multi-Family Housing Bonds and the Senior Housing Bonds, and the purchase price therefor will be secured by the applicable Credit Facility, provided, however, that the Multi-Family Housing Bonds converted to a fixed interest rate following construction and the Multi-Family Borrower Bonds shall not be secured by the applicable Note or a Credit Facility, but instead shall be secured solely as provided in the applicable exhibit to the Bond Indentures.

The Bonds, when issued and outstanding, will be a limited obligation of the City, payable solely as provided in the Bond Indentures. The Bonds and the interest thereon shall never constitute a debt or general obligation or a pledge of the faith, the credit or the taxing power of the City within the meaning of any constitutional or statutory provision of the State of Illinois.

The City shall not be liable on the Bonds, nor shall the Bonds be payable out of any funds of the City other than those pledged therefor pursuant to the terms of the Bond Indentures.

Nothing contained in this ordinance shall limit or restrict the subordination of the pledge of rights, proceeds and investment income as set forth in the Bond Indentures to the payment of any other obligations of the City enjoying a lien or claim on such rights, proceeds and investment income as of the date of issuance of the Bonds, including, without limitation, the Bonds converted to a fixed rate following completion of construction to the extent provided in the Bond Indenture, and all security documents entered into by the Borrowers with respect thereto, including, without limitation, the Reimbursement Agreements.

SECTION 5. Sale And Delivery Of Bonds. The Bonds shall be sold and delivered to, or upon the direction of, one or more underwriters (the "Underwriters") to be selected by an Authorized Officer, subject to the terms and conditions of a bond purchase agreement related to the Bonds; provided, however, that the Multi-Family Borrower Bonds may be sold directly to the Multi-Family Housing Borrower at a price not less than par. An Authorized Officer is authorized to execute and deliver on behalf of the City, with the concurrence of the Chairman of the Committee on Finance of the City Council, the Bond Purchase Agreement in substantially the form of bond purchase agreements used in previous sales of bonds pursuant to programs similar to the Bonds, with appropriate revisions to reflect the terms and provisions of the Bonds, and with such other revisions in text as an Authorized Officer shall determine are necessary or desirable in connection with the sale of the Bonds. The execution of the Bond Purchase Agreement by an Authorized Officer shall be deemed conclusive evidence of the approval of the City Council to the terms provided in the Bond Purchase Agreement. The distribution of the Bond Preliminary Official Statement and the Bond Official Statement to prospective purchasers of the Bonds and the use thereof by the Underwriters in connection with the offering and sale of the Bonds are hereby authorized, provided that the City shall not be responsible for the content of the Bond Preliminary Official Statement or the Bond Official Statement except as specifically provided in the Bond Purchase Agreement executed by an Authorized Officer. The compensation paid to the Underwriters in connection with the sale of the Bonds shall not exceed three percent (3%) of their aggregate principal amount. In connection with the offer and delivery of the Bonds, an Authorized Officer, and such other officers of the City as may be necessary, are authorized to execute and deliver such instruments and documents as may be necessary to implement the transaction and to effect the issuance and delivery of the Bonds. Any limitation on the amount of Bonds issued pursuant to this ordinance as set forth herein shall be exclusive of any original issue discount or premium.

The Multi-Family Housing Bonds specially converted to a fixed rate following completion of construction as set forth in the applicable Bond Indenture, if any, shall be remarketed directly to G.M.A.C. Commercial Holding Capital Corp. or another institutional investor acceptable to an Authorized Officer, and the Multi-Family Borrower Bonds shall be sold directly to an entity affiliated with the Borrower. No official statement will be prepared or delivered in connection with that remarketing or original sale.

SECTION 6. Notification Of Sale Of The Bonds. Subsequent to the sale of the Bonds, an Authorized Officer shall file in the Office of the City Clerk a notification of sale for the Bonds directed to the City Council setting forth (i) the aggregate original principal amount of, maturity schedule, redemption provisions for and nature of each series of Bonds sold, (ii) the identity of the Trustee, (iii) the initial interest rate on each series of Bonds, (iv) the identity of the Underwriters, and (v) the compensation paid to the Underwriters in connection with such sale. There shall be attached to such notification the final form of the Bond Indentures.

SECTION 7. Designation Of Borrowers And F.C.C.S. As Developers And Approval Of Redevelopment Agreement. The Borrowers and F.C.C.S. are each hereby designated as the developers for the Developments pursuant to Section 5/11-74.4-4 of the Act. The Commissioner (the "D.P.D. Commissioner") of the Department of Planning and Development of the City ("D.P.D.") or a designee of the Commissioner are each hereby authorized, with the approval of the City's Corporation Counsel as to form and legality, to negotiate, execute and deliver the Redevelopment Agreement in substantially the form attached hereto as Exhibit E, and made a part hereof, and such other supporting documents as may be necessary to carry out and comply with the provisions of the Redevelopment Agreement, with such changes, deletions and insertions as shall be approved by the persons executing the Redevelopment Agreement. The agreement on the part of the City to pay specified tax increment revenues derived from the Expanded Project Area to the Borrowers and F.C.C.S., provided in Section 4.03(b) of the Redevelopment Agreement, pursuant to the Act, is hereby approved in all respects.

- (a) The City Council hereby finds that the City is authorized to issue its tax increment allocation revenue obligation in an aggregate maximum principal amount not to exceed Fourteen Million Dollars (\$14,000,000) for the purpose of paying a portion of the eligible redevelopment project costs included within the Developments.
- (b) There shall be borrowed for and on behalf of the City an amount not to exceed Fourteen Million Dollars (\$14,000,000) for the payment of a portion of the eligible redevelopment project costs included within the Developments. The borrowing shall be evidenced by a note of the City in

an amount not to exceed Fourteen Million Dollars (\$14,000,000) (the "T.I.F. Note"). The T.I.F. Note shall be issued and shall be designated City of Chicago, Cook County, Illinois Fourteen Million Dollars (\$14,000,000) Tax Increment Allocation Revenue Note (Near South Redevelopment Project, Taxable Series A). The T.I.F. Note shall be dated as of the date of delivery thereof, shall bear the date of authentication, shall be in fully registered form, shall be in the denomination of the maximum outstanding principal amount thereof and shall become due and payable as provided therein.

- (c) The T.I.F. Note shall mature not later than December 31, 2014 and shall bear interest at a variable interest rate not to exceed nine percent (9%) per annum from the date of the T.I.F. Note until the principal amount of the T.I.F. Note is paid or until maturity, with the exact rate to be determined by the City Comptroller as set forth in the Redevelopment Agreement, computed on the basis of a three hundred sixty (360) year and the actual number of days elapsed in any portion of a month in which interest is due. Interest on the T.I.F. Note shall be subject to federal income taxes. Accrued and unpaid interest on the T.I.F. Note shall compound as provided in the T.I.F. Note.
- (d) The principal of and interest on the T.I.F. Note shall be paid by check or draft of the City Comptroller, as registrar and paying agent (the "Registrar") (or, at the City's sole election, by wire transfer of funds), payable in lawful money of the United States of America to the persons in whose name the T.I.F. Note is registered at the close of business on the fifteenth (15th) day of the month immediately prior to the applicable payment date; provided, however, that the final installment of the principal and accrued but unpaid interest of the T.I.F. Note shall be payable in lawful money of the United States of America at the principal office of the Registrar or as otherwise directed by the City.
- (e) The seal of the City shall be affixed to or a facsimile thereof printed on the T.I.F. Note, and the T.I.F. Note shall be signed by the manual or facsimile signature of the Mayor of the City and attested by the manual or facsimile signature of the City Clerk of the City, and in case any officer whose signature shall appear on the Note shall cease to be such officer before the delivery of the T.I.F. Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.
- (f) The T.I.F. Note shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Registrar, as authenticating agent of the City for the T.I.F. Note, and

showing the date of authentication. The T.I.F. Note shall not be valid or obligatory for any purpose or be entitled to any security or benefit under this ordinance unless and until such certificate of authentication shall have been duly executed by the Registrar by manual signature, and such certificate of authentication upon the T.I.F. Note shall be conclusive evidence that the T.I.F. Note has been authenticated and delivered under this ordinance.

- (g) The City shall cause books (the "Register") for the registration and for the transfer of the T.I.F. Note (to the extent such transfer is permitted under the Redevelopment Agreement) as provided in this ordinance to be kept at the principal office of the Registrar, which is hereby constituted and appointed the registrar of the City for the T.I.F. Note. The City is authorized to prepare, and the Registrar shall keep custody of, multiple T.I.F. Note blanks executed by the City for use in the transfer of the T.I.F. Note.
- (h) Upon surrender for a transfer of the T.I.F. Note authorized under the Redevelopment Agreement at the principal office of the Registrar, duly endorsed by, or accompanied by (i) a written instrument or instruments of transfer in form satisfactory to the Registrar, (ii) an investment representation in form satisfactory to the City and duly executed by the registered owner or his attorney duly authorized in writing, (iii) the written consent of the City evidenced by the signature of the Commissioner (or his or her designee) on the instrument of transfer, and (iv) any deliveries required under the Redevelopment Agreement, the City shall execute and the Registrar shall authenticate, date and deliver in the name of any such authorized transferee or transferees a new fully registered T.I.F. Note of the same maturity, of authorized denomination, and for a like aggregate principal amount. The execution by the City of a fully registered T.I.F. Note shall constitute full and due authorization of such T.I.F. Note and the Registrar shall thereby be authorized to authenticate, date and deliver the Note, provided, however, that the principal amount of the T.I.F. Note authenticated by the Registrar shall not exceed the authorized principal amount of the Note less previous retirements. The Registrar shall not be required to transfer or exchange the T.I.F. Note during the period beginning at the close of business on the fifteenth (15th) day of the month immediately prior to the maturity date of the T.I.F. Note nor to transfer or exchange the Note after notice calling the T.I.F. Note for redemption has been made, nor during a period of five (5) days next preceding mailing of a notice of redemption of principal of the T.I.F. Note. No beneficial interests in the T.I.F. Note shall be assigned, except in accordance with the procedures for transferring the T.I.F. Note described above.

- (i) The person in whose name the T.I.F. Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of the T.I.F. Note shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon the T.I.F. Note to the extent of the sum or sums so paid.
- (j) No service charge shall be made for any transfer of the T.I.F. Note, but the City or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer of the T.I.F. Note.
- (k) The principal of the T.I.F. Note shall be subject to determination, reduction and prepayment as provided in the form of the Note attached to the Redevelopment Agreement as (Sub)Exhibit M and as provided in the Redevelopment Agreement. As directed by the Commissioner, the Registrar shall proceed with redemptions without further notice or direction from the City.
- (l) The Registrar shall note on the Payment Schedule attached to the T.I.F. Note the amount of any payment of principal or interest on the T.I.F. Note, including the amount of any redemption or prepayment, and the amount of any reduction in principal pursuant to the Redevelopment Agreement.
- (m) The T.I.F. Note shall be prepared in substantially the form attached hereto as (Sub)Exhibit M to the Redevelopment Agreement.
- (n) The T.I.F. Note hereby authorized shall be executed as provided in this ordinance and the Redevelopment Agreement and thereupon be deposited with the D.P.D. Commissioner, and be by said D.P.D. Commissioner delivered to F.C.C.S.
- (o) Special Tax Allocation Fund. Pursuant to the Adoption Ordinance, the City has created a special fund, designated as the 1990 Central Station Tax Increment Redevelopment Area Special Tax Allocation Fund (the "Tax Allocation Fund"). The City Comptroller of the City is hereby directed to maintain the Tax Allocation Fund as a segregated interest-bearing account, separate and apart from the General Fund or any other fund of the City, with a bank which is insured by the Federal Deposit Insurance Corporation or its successor. Pursuant to the Adoption Ordinance, all incremental ad valorem taxes received by the City for the Expanded Project Area are to be deposited into the Tax Allocation Fund.

- (p) Tax Allocation Fund Subaccounts. There is hereby created within the Tax Allocation Fund a special subaccount to be known as the "Central Station Area-Wide Account" (the "Central Station Area-Wide Account"). The City shall designate and deposit into the Central Station Area-Wide Account an amount equal to the incremental ad valorem taxes deposited into the Tax Allocation Fund attributable to increases in the equalized assessed value of the tax parcels comprising the Original Project Area (such amount, the "Central Station Area Available Incremental Taxes"). Subject to the terms and conditions of the Redevelopment Agreement, including the payment of the "Priorities" as such term is defined in Section 4.03(b) of the Redevelopment Agreement, the City shall use the incremental ad valorem taxes deposited in the Central Station Area-Wide Account to make payments with respect to the T.I.F. Note until the T.I.F. Note has been fully repaid. In the event that an event of default under the Redevelopment Agreement entitles the City to permanently terminate further payments of City Funds (as defined in the Redevelopment Agreement) with respect to the T.I.F. Note, the City may in its discretion, but subject to the terms and conditions of the Redevelopment Agreement and the documents executed by the City pursuant thereto, return the amounts in the Central Station Area-Wide Account established above that would otherwise be allocated to the payment of the T.I.F. Note to the Tax Allocation Fund of the City and the Central Station Area-Wide Account shall be closed.
- (q) Pledge Of Area-Wide Account. The City hereby assigns, pledges and dedicates the Central Station Area-Wide Account, together with all amounts on deposit therein, to the payment of the principal of and interest, if any, on the T.I.F. Note when due under the terms of the Redevelopment Agreement, including specifically, but without limitation, Section 4.03 thereof. Upon deposit, the monies on deposit in the Central Station Area-Wide Account may be invested as hereinafter provided. Interest and income on any such investment shall be deposited in the Central Station Area-Wide Account. All monies on deposit in the Central Station Area-Wide Account shall be used to pay the principal of and interest on the T.I.F. Note, at maturity or upon payment or redemption prior to maturity, in accordance with its terms, which payments from the Central Station Area-Wide Account are hereby authorized and appropriated by the City. Upon payment of all amounts due under the T.I.F. Note and the Redevelopment Agreement in accordance with their terms (or the termination of the City's obligation to make such payments), the amounts on deposit in the Central Station Area-Wide Account, as applicable, shall be deposited in the Tax Allocation Fund of the City and the Central Station Area-Wide Account shall be closed.
- (r) The T.I.F. Note is a special limited obligation of the City, and is payable solely from amounts on deposit in the Central Station Area-Wide

Account and shall be a valid claim of the registered owner thereof only against said source. The T.I.F. Note shall not be deemed to constitute an indebtedness or a loan against the general taxing powers or credit of the City, within the meaning of any constitutional or statutory provision. The registered owner of the T.I.F. Note shall not have the right to compel any exercise of the taxing power of the City, the State of Illinois or any political subdivision thereof to pay the principal of or interest on the T.I.F. Note.

- (s) Monies on deposit in the Central Station Area-Wide Account may be invested as allowed under Section 2-32-520 of the Municipal Code of the City of Chicago (the "Municipal Code"). Each such investment shall mature on a date prior to the date on which said amounts are needed to pay the principal of or interest on the T.I.F. Note.
- (t) Upon issuance, the T.I.F. Note shall have an initial principal balance equal to the Borrowers' and F.C.C.S.'s prior expenditures for T.I.F.-Funded Improvements (as such term is defined in the Redevelopment Agreement), taking into account any prior consideration for such T.I.F.-Funded Improvements in determining the balance of any previously issued T.I.F. Note(s), up to their respective maximum principal amounts. After issuance, the principal amount outstanding under the T.I.F. Note shall be the initial principal balance of the T.I.F. Note, as the same may be increased from time to time in accordance with the terms of the Redevelopment Agreement, plus interest thereon, minus any principal amount and interest paid on the T.I.F. Note and other reductions or adjustments in principal as are provided for in the Redevelopment Agreement.
- (u) The Registrar shall maintain a list of the names and addresses of the registered owners from time to time of the T.I.F. Note and upon any transfer shall add the name and address of the new registered owner and eliminate the name and address of the transferor.
- (v) The provisions of this ordinance shall constitute a contract between the City and the registered owners of the T.I.F. Note. All covenants relating to the T.I.F. Note are enforceable by the registered owners of the T.I.F. Note.

SECTION 8. Additional Authorization. The Mayor, an Authorized Officer, the City Treasurer, the D.P.D. Commissioner, the City Clerk and the Deputy City Clerk are each hereby authorized to execute and deliver such other documents and agreements and perform such other acts as may be necessary or desirable in connection with the issuance and later remarketing of the Bonds, including, but not limited to, the exercise following the delivery date of the Bonds of any power

or authority delegated to such official under this ordinance with respect to the Bonds upon original issuance, but subject to any limitations on or restrictions of such power or authority as herein set forth.

SECTION 9. Proxies. The Mayor and an Authorized Officer may each designate another to act as their respective proxy and to affix their respective signatures to each Bond, whether in temporary or definitive form, and to any other instrument, certificate or document required to be signed by the Mayor or an Authorized Officer pursuant to this ordinance or the Bond Indentures. In each case, each shall send to the City Council written notice of the person so designated by each, such notice stating the name of the person so selected and identifying the instruments, certificates and documents which such person shall be authorized to sign as proxy for the Mayor and an Authorized Officer, respectively. A written signature of the Mayor or an Authorized Officer, respectively, executed by the person so designated underneath, shall be attached to each notice. Each notice, with signatures attached, shall be recorded in the *Journal* filed with the City Clerk. When the signature of the Mayor is placed on an instrument, certificate or document at the direction of the Mayor in the specified manner, the same, in all respects, shall be as binding on the City as if signed by the Mayor in person. When the signature of an Authorized Officer is so affixed to an instrument, certificate or document at the direction of that Authorized Officer in the specified manner, the same, in all respects, shall be as binding on the City as if signed by that Authorized Officer in person.

SECTION 10. Volume Cap. The Bonds are obligations taken into account under Section 146 of the Code in the allocation of the City's volume cap.

SECTION 11. Waiver Of Certain Fees. In connection with the issuance of the Bonds by the City, the City shall waive those certain fees, if applicable, imposed by the City with respect to the Developments as more fully described in Exhibit F attached hereto. The Developments shall be deemed to qualify as "Affordable Housing" for purposes of Chapter 16-18 of the Municipal Code of Chicago. Given the applicable restrictions with respect to maximum rent and maximum income for the residents of the Developments which are imposed by the sources of financing for the Developments, including the Bonds, Section 2-44-090 of the Municipal Code of Chicago shall not apply to the Developments or to the property on which the Developments are or will be developed.

SECTION 12. Administrative Fees. The Department of Housing of the City ("D.O.H.") is hereby authorized to charge an administrative fee or fees in connection with the Developments and the issuance of the Bonds, which shall be collected under such terms and conditions as determined by the Commissioner of D.O.H.(the "D.O.H. Commissioner") and which shall be in an amount as determined by the D.O.H. Commissioner but not to exceed the maximum amount permitted under the Section 148 of the Code to avoid characterization of the Bonds as "arbitrage bonds" as defined in such Section 148. Such administrative

fee or fees shall be used by D.O.H. for administrative expenses and other housing activities.

SECTION 13. Replacement Of Borrowers. The replacement of either or both of the Borrowers pursuant to any document executed in connection with the financing of the Developments as contemplated herein or in the Redevelopment Agreement (the "Financing Documents") with any party to any of the Financing Documents (each a "Creditor") is hereby approved; provided, however, that any such replacement with a designee of any Creditor shall be subject to the prior approval of the D.O.H. Commissioner. This Section 13 shall not apply to any transfer of title to the Developments to a Creditor or to a third party by foreclosure, deed in lieu of foreclosure or comparable conversion of the applicable Financing or to any subsequent transfer by a Creditor following foreclosure, deed-in-lieu of foreclosure or comparable conversion of the applicable Financing.

SECTION 14. Separability. If any provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this ordinance.

SECTION 15. Inconsistent Provisions. All ordinances, resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflict.

SECTION 16. No Impairment. No provision of the Municipal Code or violation of any provision of the Municipal Code shall be deemed to impair the validity of this ordinance or the instruments authorized by this ordinance or to impair the rights of the owners of the Bonds to receive payment of the principal of, premium, if any, or interest on the Bonds or to impair the security for the Bonds; provided further, however, that the foregoing shall not be deemed to affect the availability of any other remedy or penalty for any violation of any provision under the Municipal Code.

SECTION 17. Publication. This ordinance shall be published by the City Clerk, by causing to be printed in special pamphlet form at least twenty-five (25) copies hereof, which copies are to be made available in his office for public inspection and distribution to members of the public who may wish to avail themselves of a copy of this ordinance.

SECTION 18. Effective Date. This ordinance shall be in full force and effect from and after its adoption, approval by the Mayor and publication as provided herein.

Exhibits "A-1", "A-2", "B-1", "B-2", "C-1", "C-2", "D-1", "D-2", "E" and "F" referred to in this ordinance read as follows:

2.

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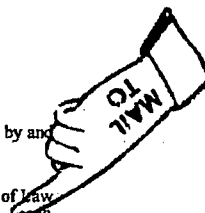
0419841158

Doc#: 0419841158
 Eugene "Gene" Moore Fee: \$228.00
 Cook County Recorder of Deeds
 Date: 07/14/2004 02:44 PM Pg: 1 of 103

NO1040848 2 of 13 -1mb

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

This agreement was prepared by and
 after recording return to:
 Michael L. Gaynor
 City of Chicago, Department of Law
 121 North LaSalle Street, Room 600
 Chicago, IL 60602



FC CENTRAL STATION REDEVELOPMENT AGREEMENT

This FC Central Station Redevelopment Agreement (this "Agreement") is made as of this 14th day of July, 2004, among the City of Chicago, an Illinois municipal corporation (the "City"), acting by and through its Department of Planning and Development ("DPD"), FC Central Station Residential, LLC, an Illinois limited liability company (the "Multi-Family Building Developer"), FC Central Station Senior, LLC, an Illinois limited liability company (the "Senior Building Developer"), each acting by and through the undersigned FC Central Station Properties, LLC, an Illinois limited liability company (the "Managing Member"), as the manager and member of each of the Multi-Family Building Developer and the Senior Building Developer, and Forest City Central Station, Inc., an Ohio corporation and a member of the Managing Member ("Forest City") (the Multi-Family Building Developer, the Senior Building Developer and Forest City shall be known collectively herein as 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.

[leave blank 3" x 5" space for recorder's office]

This agreement was prepared by and
after recording return to:
Michael L. Gaynor
City of Chicago, Department of Law
121 North LaSalle Street, Room 600
Chicago, IL 60602

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

C. City Council Authority: To induce redevelopment pursuant to the Act, the City Council of the City (the "City Council") adopted the following ordinances on November 28, 1990: (1) "Approval of Tax Increment Redevelopment Plan and Redevelopment Project for Central Station Area Redevelopment Tax Increment Financing Project" (the "Central Station Redevelopment Plan"); (2) "Designation of Central Station Area as Redevelopment Project Area Pursuant to Tax Increment Allocation Redevelopment Act"; and (3) "Adoption of Tax Increment Financing for Central Station Area Redevelopment Project" (the "Central Station TIF Adoption Ordinance") (items(1)-(3) collectively referred to herein as the "Central Station TIF Ordinances"). The redevelopment project area referred to above shall be referred to herein as the "Central Station Redevelopment Area". The Central Station Redevelopment Area is described on Exhibit A-1 attached hereto.

To induce redevelopment pursuant to the Act, the City Council adopted the following ordinances on August 3, 1994: (1) "Approval and Adoption of Tax Increment Redevelopment Project and Plan for Near South Redevelopment Project Area" (the "Near South Redevelopment Plan") (as amended pursuant to ordinances adopted by the City Council on May 12, 1999 and March 28, 2001); (2) "Designation of Near South Redevelopment Project Area as Tax Increment Financing District"; and (3) "Adoption of Tax Increment Financing for Near South Redevelopment Project Area" (the "Near South TIF Adoption Ordinance") (items(1)-(3) collectively referred to herein as the "Near South TIF Ordinances"). The redevelopment project area referred to above shall be referred to herein as the "Near South Redevelopment Area". The Near South Redevelopment Area (including the Central Station Redevelopment Area) is described on Exhibit A-2 attached hereto.

The Near South TIF Ordinances expanded the Central Station Redevelopment Area into and renamed the Central Station Redevelopment Area as the Near South Redevelopment Area. Therefore: (1) the Near South TIF Ordinances include the Central Station TIF Ordinances and shall be collectively referred to herein as the "TIF Ordinances"; (2) the Near South TIF Adoption Ordinance shall include the Central Station TIF Adoption Ordinance and shall be collectively referred to herein as the "TIF Adoption Ordinance"; (3) the Near South Redevelopment Plan includes the Central Station Redevelopment Plan and shall be collectively referred to herein as the "Redevelopment Plan"; and (4) the Near South Redevelopment Area includes the Central Station Redevelopment Area and shall be collectively referred to herein as the "Redevelopment Area", which is legally described on Exhibit A hereto.

D. The Project: The Developer has purchased (the "Acquisition") certain property located within the Redevelopment Area at 1255 through 1259 South Michigan Avenue, Chicago, Illinois 60605 and legally described on Exhibit B hereto (the "Property"), and, within the time frames set forth in Section 3.01 hereof, shall commence and complete construction of two residential rental housing and retail (including commercial) buildings of approximately 87,000 and 515,000 gross square feet (respectively, the "Senior Building" and the "Multi-Family Building"), as well as a

parking garage of approximately 172,000 square feet (the "Garage") (the Garage, together with the Senior Building and the Multi-Family Building, the "Facility"), thereon. The Senior Building shall include 91 residential units and the Multi-Family Building shall include 411 residential units, which shall be let by the Developer subject to Section 8.20 hereof. The Multi-Family Building Developer owns the Property. The Senior Building Developer has entered into a long-term lease with the Multi-Family Building Developer (the "Lease") for the use of that portion of the Property on which the Senior Building will be located in order to construct, own and operate the Senior Building. The Facility and related improvements (including but not limited to those TIF-Funded Improvements as defined below and set forth on Exhibit C) are collectively referred to herein as the "Project." The completion of the Project would not reasonably be anticipated without the financing contemplated in this Agreement.

E. Redevelopment Plan: The Project will be carried out in accordance with this Agreement and the Redevelopment Plan attached hereto as Exhibit D.

F. City Financing: The City agrees to use, in the amounts set forth in Section 4.03 hereof, the proceeds of the City Note (defined below) to pay for or reimburse the Developer for the costs of TIF-Funded Improvements pursuant to the terms and conditions of this Agreement and the City Note.

G. TIF Bonds: (1) Pursuant to an ordinance also adopted by the City Council on November 18, 1998 (the "1999 TIF Bond Ordinance"), the City issued certain Tax Increment Allocation Bonds (Near South Redevelopment Project), \$42,500,000 Series 1999A Bonds and \$7,500,000 Series 1999B Bonds (Taxable) (collectively, the "1999 TIF Bonds") as a means of financing, among other things, certain Redevelopment Area redevelopment project costs (as defined in the Act) incurred pursuant to the Redevelopment Plan. (2) Pursuant to an ordinance also adopted by the City Council on March 28, 2001 (the "2001 TIF Bond Ordinance") (collectively, with the 1999 TIF Bond Ordinance, the "TIF Bond Ordinance"); the City issued certain Junior Lien Tax Increment Allocation Bonds (Near South Redevelopment Project), \$39,011,761.50 Series 2001A Bonds and \$7,230,000 Series 2001B Bonds (Taxable) (collectively, the "2001 TIF Bonds") (collectively, with the 1999 TIF Bonds, the "TIF Bonds") as a means of financing, among other things, certain Redevelopment Area redevelopment project costs (as defined in the Act) incurred pursuant to the Redevelopment Plan.

H. Additional City Financing: The City will also provide additional financing for the Project by issuing its (i) \$70,170,000 Variable Rate Demand Multi-Family Housing Revenue Bonds (Central Station Multi-Family Project), Series 2004A (the "Multi-Family Housing Bonds"), (ii) \$13,330,000 Multi-Family Housing Revenue Bonds (Central Station Multi-Family Project), Series 2004B (the "Multi-Family Borrower Bonds", and, together with the Multi-Family Housing Bonds, the "Multi-Family Bonds"), and (iii) \$9,500,000 Variable Rate Demand Multi-Family Housing Revenue Bonds (Central Station Senior Housing Project), Series 2004 (the "Senior Housing Bonds", and, together with the Multi-Family Bonds, the "Housing Bonds") and lending a portion of the proceeds thereof to the Developer. The City will make a loan out of the proceeds of the Housing Bonds to the Developer (the "City Loan").

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

SECTION 1. RECITALS

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

SECTION 2. DEFINITIONS

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

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

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

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

"Approved Site Plan Drawings" shall mean the plans prepared by the Developer's Architect dated April 10, 2003.

"Available Excess Incremental Taxes" shall mean an amount equal to the Incremental Taxes attributable to the taxes levied on the Central Station Redevelopment Area after the Base Year (as defined below), subject to the Priorities set forth in Section 4.03(b)(ii) hereof, and determined by the following formula: $[\{\text{Incremental Taxes generated by and paid from the Central Station Redevelopment Area for the collection year for which Developer is entitled to payment pursuant to the terms of Section 4.03(b)(iii)}\} \text{ MINUS } \{\text{the total Incremental Taxes generated by and paid from the Central Station Redevelopment Area for the calendar collection year 2003}\}]$. The calendar collection year 2003 shall be known as the "Base Year". The certified Equalized Assessed Valuation for the Central Station Redevelopment Area as of December 31, 2003 for the calendar tax year 2002 and the calendar collection year 2003 (that is, the Base Year) was \$19,561,247.

"Building Permit Drawings" shall mean the drawings for the Project approved by the City's Department of Buildings in connection with the issuance of a building permit for the Project.

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

"Certificate of Expenditure" shall mean any Certificate of Expenditure referenced in the City Note pursuant to which the principal amount of the City Note will be established.

"Change Order" shall mean any amendment or modification to the Building Permit Drawings,

Approved Site Plan Drawings or the Project Budget as described in Section 3.03, Section 3.04 and Section 3.05, respectively.

"City Council" shall have the meaning set forth in the Recitals hereof.

"City Funds" shall mean the funds paid to Forest City pursuant to the City Note.

"City Note" shall mean the United States of America, State of Illinois, County of Cook City of Chicago Tax Increment Allocation Revenue Note (Near South Redevelopment Project), Taxable Series A, to be in the form attached hereto as Exhibit M, in the maximum principal amount of \$14,000,000, issued by the City to Forest City on or as of the date hereof. The City Note shall bear interest at an annual variable rate not to exceed nine percent per annum and calculated as set forth in Section 4.03(b)(iv) hereof.

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

"Code" means the Internal Revenue Code of 1986, as amended.

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

"Corporation Counsel" shall mean the City's Department of Law.

"Developer's Architect" shall mean Solomon Cardwell Buenz & Associates, Inc..

"Developer's Fee" shall mean a fee not to exceed \$3,000,000.00 payable to the Multi-Family Building Developer in connection with the City Loan and in respect to the Developer's construction of the Project.

"Department of Housing" or "DOH" shall mean the City's Department of Housing.

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

"Environmental Laws" shall mean any and all federal, state or local statutes, laws, regulations, ordinances, codes, rules, orders, licenses, judgments, decrees or requirements relating to public health and safety and the environment now or hereafter in force, as amended and hereafter amended, including but not limited to (i) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.); (ii) any so-called "Superfund" or "Superlien" law; (iii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1802 et seq.); (iv) the Resource Conservation and Recovery Act (42 U.S.C. Section 6902 et seq.); (v) the Clean Air Act (42 U.S.C. Section 7401 et seq.); (vi) the Clean Water Act (33 U.S.C. Section 1251 et seq.); (vii) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.); (viii) the Federal

Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (ix) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq.); and (x) the Municipal Code of Chicago.

"Equity" shall mean funds of the Developer (other than funds derived from Lender Financing) irrevocably (or as may otherwise be set forth in the operating agreement for the Senior Building Developer) available for the Project, in the amount set forth in Section 4.01 hereof, which amount may be increased pursuant to Section 4.06 (Cost Overruns).

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

"Escrow Agreement" shall mean the Escrow Agreement or similarly named document establishing a construction escrow, to be entered into as of the date hereof by the Title Company (or an affiliate of the Title Company), the Developer and the Developer's Lender(s), substantially in the form of Exhibit F attached hereto.

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

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

"Fannie Mae" shall mean a corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. § 1716, et seq.

"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.

"Fund" shall mean the 1990 Central Station Tax Increment Redevelopment Area Special Tax Allocation Fund initially established for the Central Station Redevelopment Area and now encompassing the entire Redevelopment Area into which the Incremental Taxes will be deposited.

"General Contractor" shall mean James McHugh Construction Company, the general contractor hired by the Developer pursuant to Section 6.01.

"GMAC" shall mean GMAC Commercial Mortgage 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.

"Incremental Taxes" shall mean such ad valorem taxes which, pursuant to the TIF Adoption Ordinance and Section 5/11-74.4-8(b) of the Act, are allocated to and when collected are paid to the

Treasurer of the City of Chicago for deposit by the Treasurer into the Fund established to pay Redevelopment Project Costs and obligations incurred in the payment thereof.

"LaSalle" shall mean LaSalle Bank National Association.

"Lender" shall mean, collectively, LaSalle and GMAC.

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

"Lender's Architect" shall mean GTG Consultants.

"MBE(s)" shall mean a business identified in the Directory of Certified Minority Business Enterprises published by the City's Department of Procurement Services, or otherwise certified by the City's Department of Procurement Services 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.

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

"Prime Rate" shall mean, on any day, a fluctuating rate per annum equal to the prime rate of interest as published in the "Money Rates" section of the Wall Street Journal.

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

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

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

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

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

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

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

"Regulations" means the United States Treasury Regulations promulgated with respect to the Code.

"Requisition Form" shall mean the document, in the form attached hereto as Exhibit L, to be delivered by the Developer to DPD pursuant to Section 4.04 of this Agreement.

"Rent-Up Reserve" shall mean an amount equal to 5% of the Project Budget reserved for the Project for the purpose of future tenant improvements, which such amount shall not be required to be spent by the Developer prior to the Substantial Completion Date or the payment of any City Funds under the City Note.

"Substantial Completion" shall mean that construction of the Project has been substantially completed for its intended use as certified by the Developer's Architect, subject to the approval of the Lender's Architect.

"Substantial Completion Date" shall mean the date the Project is substantially completed for its intended use and certified by the Developer's Architect as having achieved Substantial Completion (subject to the approval of the Lender's Architect).

"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 Emergency Management Agency (and updates thereof to reflect improvements to the Property in connection with the construction of the Project and related improvements as required by the City or lender(s) providing Lender Financing).

"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 (through and including December 31, 2014).

"TIF Adoption Ordinance" shall have the meaning set forth in the Recitals hereof.

"TIF Bonds" shall have the meaning set forth in the Recitals hereof.

"TIF Bond Ordinance" shall have the meaning set forth in the Recitals hereof.

"TIF-Funded Improvements" shall mean those improvements of, and costs and expenditures related to 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. Exhibit C lists the TIF-Funded Improvements for the Project.

"TIF Ordinances" shall have the meaning set forth in the Recitals hereof.

"Title Company" shall mean Near North National Title Corporation, as issuing agent for Ticor Title Insurance Company.

"Title Policy" shall mean a title insurance policy in the most recently revised ALTA or equivalent form, showing the Developer as the insured, noting the recording of this Agreement as an encumbrance against the Property, issued by the Title Company.

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

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

SECTION 3. THE PROJECT

3.01 The Project. With respect to the Project, the Developer shall, pursuant to the Approved Site Plan Drawings and subject to the provisions of Section 18.17 hereof: (i) commence construction no later than thirty (30) days after the Closing Date (the "Construction Commencement Date"); and (ii) achieve Substantial Completion within twenty-eight months of the Construction Commencement Date; provided that Substantial Completion may be extended in the event of a Force Majeure (as described in Section 18.17 hereof).

3.02 Building Permit Drawings and Approved Site Plan Drawings. The Developer has delivered the Building Permit Drawings and Approved Site Plan Drawings to DPD and DPD has approved same. After such initial approval, subsequent proposed changes to the Building Permit Drawings or Approved Site Plan Drawings shall be submitted to DPD as a Change Order pursuant to Section 3.04 hereof. The Building Permit Drawings and Approved Site Plan Drawings shall at all times conform to the Redevelopment Plan and all applicable federal, state and local laws, ordinances and regulations. The Developer shall submit all necessary documents to the City's Department of Buildings, 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 \$122,048,000, including, without limitation, the Rent-Up Reserve. The Developer hereby certifies to the City that (a) the City Funds, together with Lender Financing and Equity described in Section 4.02 hereof, shall be sufficient to complete the Project; and (b) the Project Budget is true, correct and complete in all

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

3.04 Change Orders. (a) 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 the Construction Division of DOH (318 South Michigan, 2nd Floor, Chicago, Illinois 60604, Attention: Deputy Commissioner) concurrently with the progress reports described in Section 3.07 hereof; provided, that any Change Order relating to any of the following must be submitted by the Developer to DOH for DOH's prior written approval: (a) a change to the exterior of the Facility, or (b) a change in the number, size or placement of the affordable housing units in the Facility that are subject to the requirements of Section 8.20 below. Within 30 days of submittal thereof by the Developer, DOH's Construction Division shall either approve such a Change Order or provide the Developer written notice of its reasons for not approving the Change Order. The Developer may then resubmit the Change Order, revised to the satisfaction of DOH pursuant to DOH's written notice, and DOH shall approve the Change Order within 30 days of resubmission. 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 DOH's written approval (to the extent required in this Section 3.04).

(b) The Developer must provide DPD with copies of all DOH-approved Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project concurrently with the progress reports described in Section 3.07 hereof.

3.05 DPD Approval. DPD has approved the Approved Site Plan Drawings. This approval of the Approved Site Plan Drawings and any other approval granted by DPD hereunder is for the purposes of this Agreement only and does not affect or constitute any approval required by any other City officer or department, including but not limited to the City Comptroller and DOH, 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 (Other Governmental Approvals) hereof. The Developer shall not commence construction of the Project until the Developer has obtained all necessary permits and approvals and complied with all bonding requirements contained in Section 6.03 hereof and under the applicable documents pertaining to the City Loan.

3.07 Progress Reports and Survey Updates. The Developer shall provide DOH and DPD with written quarterly 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). The Developer shall provide three (3) copies of an updated Survey to DOH and DPD upon

the request of DOH, DPD or any lender providing Lender Financing, reflecting improvements made to the Property.

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 hereunder. For purposes hereof, DPD approves the use of Lender's Architect as the independent agent/architect responsible for performing the inspections and providing the certifications required by this Section 3.08.

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. The City retains the right to approve the maintenance, appearance, color scheme, painting, nature, type, content and design of all barricades.

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

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, except as such fees are waived by the City pursuant to the ordinance adopted by the City Council authorizing, among other things, the City's execution of this Agreement.

SECTION 4. FINANCING

4.01 Total Project Cost and Sources of Funds. The cost of the Project is estimated to be \$122,048,000, to be applied in the manner set forth in the Project Budget. Such costs shall be funded from the following sources:

Equity (subject to <u>Sections 4.03(b) and 4.06</u>)	\$ 15,048,000
Lender Financing and/or Estimated City Funds (subject to <u>Section 4.03</u>)	\$ 14,000,000
Housing Bond Proceeds	\$ 93,000,000
ESTIMATED TOTAL	\$ 122,048,000

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

4.03 City Funds.

(a) Uses of City Funds. City Funds may only be used to pay directly or reimburse the Developer for costs of TIF-Funded Improvements that constitute Redevelopment Project Costs. Exhibit C sets forth, by line item, the TIF-Funded Improvements for the Project, and the maximum amount of costs that may be paid by or reimbursed from City Funds for each line item therein (subject to Section 4.03(b)), contingent upon receipt by the City of documentation reasonably satisfactory in form and substance to DPD evidencing such cost and its eligibility as a Redevelopment Project Cost.

(b) Sources of City Funds. (i) Subject to the terms and conditions of this Agreement, including but not limited to this Section 4.03 and Section 5 hereof, the City hereby agrees to issue the City Note to Forest City on the Closing Date. The principal amount of the City Note on the Closing Date shall be in an amount equal to the costs of the TIF-Funded Improvements which have been incurred by the Developer as of the Closing Date (that is, the amount of the Prior TIF-Eligible Expenditures as defined in Section 4.05 below and set forth on Exhibit I hereto, subject to the Developer's submission to DPD of a Requisition Form with respect to the Prior TIF-Eligible Expenditures and DPD's issuance to the Developer of a Certificate of Expenditure with respect to the Prior TIF-Eligible Expenditures) and are to be reimbursed by the City through payments of principal and interest on the City Note, subject to the provisions hereof; provided, however, that (1) the maximum principal amount of the City Note shall be an amount not to exceed the lesser of \$14,000,000 or 11.5% of the actual total Project costs (the "City Note Maximum Principal Amount"); and (2) payments under the City Note are subject to the amount of Incremental Taxes deposited into the Fund being sufficient for such payments. The City's obligation to make payments on the City Note shall be limited to the aggregate amount of Available Excess Incremental Taxes. No payment shall be made under the City Note until the City has issued a Certificate of Completion pursuant to Section 7.01 below. The City hereby approves the Developer's assignment of the City Note to LaSalle in connection with the Lender Financing. The Developer shall not otherwise assign the City Note or the right to receive payments thereunder without the prior written consent of the City.

(ii) The Developer's right to receive payments under the City Note shall be subordinate to the following, in order of priority: (1) payments made by the City under the TIF Bonds ("TIF Bond Payments"); (2) payments made by the City to the Board of Education of the City of Chicago under that certain Tax Increment Allocation Revenue Note (Near South Redevelopment Project) to be issued by the City to the Board of Education of the City of Chicago (the "William Jones Academic High School Note"); and (3) the City's annual retention of 7.5% of the Incremental Taxes annually deposited into the Fund for payment of costs incurred by the City in the administration of the Redevelopment Area (the "Administrative Retention") (the TIF Bond Payments, the William Jones Academic High School Note and the Administrative Retention shall be known collectively as the

"Priorities"), but only with respect to and to the extent that the amounts of the Priorities are subject to the amount of Available Excess Incremental Taxes and that the payment of the Priorities is subject to the availability of Incremental Taxes in the Fund. The City Note shall be issued on a parity basis with all other notes previously or hereafter issued by the City ("Other Notes") to other owners and developers ("Other Note Holders") of other properties located within the Redevelopment Area ("Other Properties"), but only with respect to and to the extent that the amounts of such Other Notes are subject to the amount of Available Excess Incremental Taxes and that the payment of such Other Notes is subject to the availability of Incremental Taxes in the Fund. (The William Jones Academic High School Note shall not be one of the Other Notes, nor shall any other note previously or hereafter issued by the City to any other owner or developer of other property located within the Redevelopment Area who is exempt from paying ad valorem taxes with respect to such property located within the Redevelopment Area.) The payment or payments made on any Other Note in any year shall not exceed 95% of the Incremental Taxes deposited in the Fund that year that are attributable to the Other Property located within the Redevelopment Area owned by the Other Note Holder. In the event that the Incremental Taxes generated in a particular year by the properties in the Redevelopment Area are insufficient, after payment of the Priorities, to fulfill the City's payment obligations under the City Note and the Other Notes, such Incremental Taxes as are available shall be divided up among the City Note and the Other Notes in proportion to the Incremental Taxes generated by the Property and the Other Properties, respectively, for the subject year compared to the total amount of Incremental Taxes generated by the Property and the Other Properties for the subject year. For example, if the Property generates \$8 in Incremental Taxes (relative to the Base Year as defined above) and all the Other Properties generate \$2 in Incremental Taxes, then 80% of the available Incremental Taxes in the Fund will support payments on the City Note.

(iii) Payments on the City Note shall be made out of the Incremental Taxes in the Fund beginning in the year two years prior to the year in which the City issues the Certificate of Completion pursuant to Section 7.01 hereof (but in any event no earlier than 2005). For example, if the City issues the Certificate of Completion in 2007, then payments on the City Note shall be made out of the Incremental Taxes collected and deposited in the Fund in 2005 and thereafter. Such payments being made in the first year shall also be subject to the availability of the Incremental Taxes as the City shall be under no obligation to use Incremental Taxes in the Fund until the City actually issues the Certificate of Completion pursuant to Section 7.01 hereof.

(iv) The City Note shall bear interest at a variable rate, not to exceed nine percent (9%) per annum (the "City Note Interest Rate") (nine percent (9%) per annum shall be known herein as the "Maximum Rate"), with the exact rate to be determined by the City Comptroller as follows: the City Note Interest Rate shall be equal to the rate of interest born by the promissory note or other instrument given by the Developer to LaSalle to evidence LaSalle's Lender Financing (the "LaSalle Note"). The rate of interest borne by the LaSalle Note (the "LaSalle Note Interest Rate") shall be variable over time. The City Note Interest Rate shall be equal to the LaSalle Note Interest Rate, except that the City Note Interest Rate shall not (1) exceed the Maximum Rate, or (2) reflect or include the cost to the Developer of, or any fee charged by LaSalle for, any cap on the LaSalle Note Interest Rate. If at any time during the Term of this Agreement the LaSalle Note Interest Rate shall exceed the Maximum Rate, then the City Note Interest Rate shall be the Maximum Rate until such

time, if any, as the LaSalle Note Interest Rate shall be less than the Maximum Rate, in which case the City Note Interest Rate shall again be equal to the LaSalle Note Interest Rate.

(v) Interest on the City Note at the City Note Interest Rate shall not begin to accrue until the date on which LaSalle first disburses any of the proceeds of LaSalle's Lender Financing to the Developer (the "LaSalle First Disbursement Date"). During each calendar year of the Term of this Agreement in which the Developer submits one or more Requisition Form hereunder, the first such Requisition Form submitted by the Developer during that calendar year of the Term of this Agreement (except for the first Requisition Form submitted by the Developer as of the Closing Date) shall also include a calculation (the "Interest Calculation") of the interest earned on the City Note during the previous calendar year of the Term of this Agreement (the "Interest"). The Developer shall support the Interest Calculation with sufficient documentation. The Interest Calculation shall be subject to the City's review and approval. If the City approves the Interest Calculation, then the City shall include the amount of the Interest in the Certificate of Expenditure it issues in response to the subject Requisition Form (except for the first Certificate of Expenditure issued by the City as of the Closing Date). If the City does not approve the Interest Calculation, then the procedures set forth in Section 4.04(c) below shall govern the resolution of the amount of the Interest in question. The final Requisition Form submitted by the Developer shall include an Interest Calculation of the Interest earned on the City Note since the date of the last-submitted Requisition Form including an Interest Calculation up through the date of the final Requisition Form. Notwithstanding any of the foregoing, if Substantial Completion has not occurred within twenty-eight months of the Construction Commencement Date, then the accrual of interest on the City Note at the City Note Interest Rate shall be suspended until such time as Substantial Completion has occurred, at which time the accrual of interest on the City Note at the City Note Interest Rate shall begin to accrue again as of the date of Substantial Completion.

(vi) The City may, at its option, prepay the City Note without any prepayment penalty.

4.04 Construction Escrow and City Loan; Requisition Form. (a) DPD must receive copies of any draw requests and related documents submitted to the Title Company for disbursements of the Lender Financing under the Escrow Agreement. The Construction and Monitoring Divisions of DOH must receive (i) advance written notice of all "pre-draw" meetings among the Developer, the Title Company and/or the Lender (and have the opportunity to attend such meetings); and (ii) copies of any draw requests and related documents submitted to the Title Company for disbursements of the Lender Financing under the Escrow Agreement.

(b) Within 30 days after the Developer's submission to the City of (i) a Requisition Form (in the form attached hereto as Exhibit L) requesting the issuance of a Certificate of Expenditure by the City, (ii) LaSalle's written approval of a draw request (to be issued on a quarterly basis), and (iii) the necessary supporting documentation referenced in Section 4.04(a) above, the City shall issue a Certificate of Expenditure, in substantially the form included in the form of the City Note attached hereto as Exhibit M, or provide the Developer written notice of its reasons for not issuing a Certificate of Expenditure. The Developer shall not submit a Requisition Form more than four times per calendar year during the Term of this Agreement (or as otherwise permitted by DPD).

Notwithstanding any of the foregoing, concurrently with the Closing Date, contingent upon the Developer's prior submission of a first Requisition Form and DPD's review and approval thereof, the City shall issue the first Certificate of Expenditure.

(c) Upon Substantial Completion of the Project and issuance of a Certificate of Completion by DPD in accordance with Section 7.01 hereof, the Developer shall provide DPD with a Requisition Form in the form attached as Exhibit L, along with the documentation described therein requesting the issuance of a Certificate of Expenditure and the disbursement of City Funds. DPD shall issue a Certificate of Expenditure and disburse the requested City Funds within 60 days of submission, or provide the Developer written notice of any deficiencies in the Requisition Form or accompanying documentation. The Developer may then resubmit the Requisition Form and accompanying documentation, revised to the satisfaction of DPD pursuant to DPD's written notice, and DPD shall issue a Certificate of Expenditure and disburse the requested City Funds within 60 days of resubmission.

4.05 Treatment of Prior Expenditures. Only those expenditures made by the Developer with respect to the Project between January 1, 2002 and the Closing Date, evidenced by documentation satisfactory to DPD and approved by DPD as satisfying costs covered in the Project Budget, shall be considered either (a) previously incurred costs of TIF-Funded Improvements ("Prior TIF-Eligible Expenditures") or (b) previously contributed Equity or Lender Financing hereunder ("Prior Equity/Lender Financing Expenditures") (together with "Prior TIF-Eligible Expenditures", the "Prior Expenditures"). DPD shall have the right, in its sole discretion, to disallow any such expenditure as a Prior Expenditure. Exhibit I hereto sets forth the prior expenditures approved by DPD as of the date hereof as Prior TIF-Eligible Expenditures. Prior Equity/Lender Financing Expenditures, that is 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.

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

4.07 Preconditions of Disbursement: Execution of Certificate of Expenditure. Prior to each execution of a Certificate of Expenditure by the City, the Developer shall submit a Requisition Form and supporting documentation regarding the applicable expenditures to DPD which shall be satisfactory to DPD in its sole discretion. Delivery by the Developer to DPD of any Requisition Form (which such Requisition Form shall constitute a request for execution by the City of a Certificate of Expenditure hereunder) shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such Requisition Form, that:

(a) the total amount of the request represents 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 Requisition Form have been paid to the parties entitled to such payment;

(c) the Developer has approved all work and materials for the current Requisition Form, and such work and materials conform in all material respects to the Approved Site Plan Drawings;

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

(e) except as permitted by Section 8.15(b) hereof, 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 City Funds; (ii) the undisbursed Lender Financing, if any; (iii) the undisbursed Equity and (iv) 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 LaSalle or LaSalle's escrow agent (and provide written evidence of such deposit to the City) or will make available (in a manner acceptable to the City), cash in an amount that will place the Project In Balance, which deposit shall first be exhausted before any further disbursement of the City Funds shall be made.

The City shall have the right, in its reasonable 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 execution of a Certificate of Expenditure 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; provided, however, that nothing in this sentence shall be deemed to prevent the City from relying on such certifications by the Developer. In addition, the Developer shall have satisfied all other preconditions of the submission of a Requisition Form and execution of a Certificate of Expenditure, including but not limited to requirements set forth in the Bond Ordinance, if any, TIF Bond Ordinance, if any, the Bonds, if any, the TIF Bonds, if any, the TIF Ordinances, this Agreement and/or the Escrow Agreement.

4.08 Conditional Grant. The City Funds being provided hereunder are being granted on a conditional basis, subject to the Developer's compliance with the provisions of this Agreement. The City Funds are subject to being reimbursed as provided in Section 4.09 and Section 15.02(b) hereof.

4.09 Sale or Refinancing of the Project.

(a) Definitions. For purposes of this Section 4.09:

(i) the "Sale of the Project" shall mean (aa) the sale, exchange or other disposition of the Project, the Facility, and/or the Property by the Developer to an unrelated buyer for cash, property or assumption of indebtedness, or (bb) the sale, exchange or other disposition of a controlling ownership interest in the Multi-Family Building Developer and/or the Senior Building Developer by the Managing Member to an unrelated buyer for cash, property or assumption of indebtedness (except as may be contemplated by the operating agreement of the Senior Building Developer); notwithstanding the foregoing, neither (1) the sale, exchange or other disposition of a controlling ownership interest in the Senior Building Developer by the Managing Member to Apollo Housing Capital, LLC (or any related or affiliated entity) (the "Tax Credit Investor") for cash, property or assumption of indebtedness¹, nor (2) the succession of LaSalle, a mortgagee or any other party 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 or LaSalle's Lender Financing, whether by foreclosure or deed in lieu of foreclosure or otherwise, shall constitute the Sale of the Project;

(ii) the "Refinancing of the Project" shall mean the refinancing by the Developer of the Lender Financing secured by that certain Construction Phase Mortgage, Assignment of Rents and Security Agreement from Developer to GMAC dated as of the [date hereof] and recorded subsequent hereto in the Office of the Recorder of Deeds of Cook County, Illinois on the Property (the "GMAC Mortgage"), and those certain First Multifamily Mortgage, Assignment of Rents and Security Agreements from Developer to the Issuer and Fannie Mae dated as of the [date hereof] and recorded subsequent hereto in the Office of the Recorder of Deeds of Cook County, Illinois on the Property; notwithstanding the foregoing, the conversion of a portion of the Multi-Family Housing Bonds into "Specially-Converted Bonds" (as such term is defined in the Trust Indenture between the City and Seaway National Bank, as trustee, with respect to the Multi-Family Housing Bonds) and any refinancing of the mortgage securing the Specially-Converted Bonds shall not constitute the Refinancing of the Project;

(iii) the "Assumed Value" shall be \$8,000,000;

¹Such sale, exchange or other disposition shall include a transfer by the Tax Credit Investor or an affiliate thereof of its interests in the Senior Building Developer to a limited partnership or a limited liability company of which the Tax Credit Investor or an affiliate thereof is the general partner or the managing member.

(iv) the "Pre-development Expenses" shall mean Prior Expenditures made or incurred by the Developer between January 1, 2002 and the date on which the Project generates positive cash flow, as such date is determined by the Developer in accordance with customary assumptions and methodology, subject to the City's approval;

(v) the "Internal Rate of Return" or "IRR" shall mean the Developer's internal rate of return from the ownership, operation and Sale of the Project or Refinancing of the Project, determined in accordance with customary assumptions and methodology, through the date of the closing of the Sale of the Project or the Refinancing of the Project, and taking into account the receipt of the Net Sale Proceeds or Available Proceeds; for purposes of calculating the Internal Rate of Return, the Property shall be treated as if it had been contributed at its Assumed Value, and the Pre-development Expenses shall be treated as a cost of the Project; the Internal Rate of Return shall be calculated by a certified accountant retained by the Developer, which calculation shall be presented in writing to the City, along with appropriate supporting documentation, and subject to the City's approval;

(vi) the "Net Sale Proceeds" shall mean the gross cash proceeds or the fair market value of any property received from the Sale of the Project, less any reasonable and actual expenses incurred in connection with such sale, and less the balance of any principal and accrued interest on indebtedness of the Developer not assumed or taken subject to by the buyer of the Project;

(vii) the "Available Proceeds" shall mean the gross cash proceeds available from the Refinancing of the Project, less any reasonable and actual expenses incurred in connection with such Refinancing of the Project, and less the payment of any principal and accrued interest on indebtedness of the Developer being refinanced;

(viii) the "22% IRR Minimum Proceeds" shall mean that minimum amount of Net Sale Proceeds or Available Proceeds, as applicable, necessary for the Developer to realize a minimum Internal Rate of Return of 22% upon the Sale of the Project or the Refinancing of the Project;

(ix) the "25% IRR Minimum Proceeds" shall mean that minimum amount of Net Sale Proceeds or Available Proceeds, as applicable, necessary for the Developer to realize a minimum Internal Rate of Return of 25% upon the Sale of the Project or the Refinancing of the Project;

(x) the "25% IRR Minimum Proceeds Differential" shall mean the difference between the 25% IRR Minimum Proceeds and the 22% IRR Minimum Proceeds;

(x) the "22% IRR Excess Proceeds" shall mean the amount of Net Sales Proceeds or Available Proceeds, as applicable, that exceeds the 22% IRR Minimum Proceeds;

(xi) the "25% IRR Excess Proceeds" shall mean the amount of Net Sales Proceeds or Available Proceeds, as applicable, that exceeds the 25% IRR Minimum Proceeds;

(xii) the "22% IRR Repayment Amount" shall mean the amount of 23.5% of the 22% IRR Excess Proceeds; and

(xiii) the "25% IRR Repayment Amount" shall mean the amount of (aa) 23.5% of the 25% IRR Minimum Proceeds Differential, plus (bb) 40% of the 25% IRR Excess Proceeds.

(b) Repayment of City Funds. In the event of the Sale of the Project or the Refinancing of the Project during the Term of this Agreement, on the closing date of the Sale of the Project or the Refinancing of the Project, as applicable, the Developer shall repay the previously disbursed City Funds to the City as follows:

- (i) if the Developer's Internal Rate of Return is 22% or greater but less than 25%, then the Developer shall repay the previously disbursed City Funds in the amount of the 22% IRR Repayment Amount (provided, however, that if the 22% IRR Repayment Amount exceeds the amount of the previously disbursed City Funds, then the Developer shall repay only the amount of the previously disbursed City Funds to the City); or
- (ii) if the Developer's Internal Rate of Return is 25% or greater, then the Developer shall repay the previously disbursed City Funds in the amount of in the amount of the 25% IRR Repayment Amount (provided, however, that if the 25% IRR Repayment Amount exceeds the amount of the previously disbursed City Funds, then the Developer shall repay only the amount of the previously disbursed City Funds to the City).

If the Developer's Internal Rate of Return upon the Sale of the Project or the Refinancing of the Project is less than 22%, then the Developer shall not be obligated to repay any portion of the previously disbursed City Funds to the City.

SECTION 5. CONDITIONS PRECEDENT

The following conditions have been complied with to the City's satisfaction on or prior to the Closing Date:

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

5.02 Building Permit Drawings and Approved Site Plan Drawings. The Developer has submitted to DPD, and DPD has approved, the Building Permit Drawings and the Approved Site Plan Drawings in accordance with the provisions of Section 3.02 hereof.

5.03 Other Governmental Approvals. The Developer has secured all other necessary approvals and permits required by any state, federal, or local statute, ordinance or regulation and has submitted evidence thereof to DPD.

5.04 Financing. The Developer has furnished proof reasonably acceptable to the City that the Developer has Equity and Lender Financing in the amounts set forth in Section 4.01 hereof to complete the Project and satisfy its obligations under this Agreement. If a portion of such funds consists of Lender Financing, the Developer has furnished proof as of the Closing Date that the

proceeds thereof are available to be drawn upon by the Developer as needed and are sufficient (along with the Equity and other sources set forth in Section 4.01) to complete the Project. The Developer has delivered to DPD a copy of the construction escrow agreement entered into by the Developer regarding the Lender Financing. Any liens against the Property in existence at the Closing Date have been 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 has furnished the City with a copy of the Title Policy for the Property, certified by the Title Company, showing the Developer as the named insured. The Title Policy is dated as of the Closing Date and contains only those title exceptions listed as Permitted Liens on Exhibit G hereto and evidences the recording of this Agreement pursuant to the provisions of Section 8.18 hereof. The Title Policy also contains such endorsements as shall be required by Corporation Counsel, including but not limited to an owner's comprehensive endorsement and satisfactory endorsements regarding zoning (3.1 with parking), contiguity, location, access and survey. The Developer has provided to DPD, on or prior to the Closing Date, documentation related to the purchase of the Property and certified copies of all easements and encumbrances of record with respect to the Property not addressed, to DPD's satisfaction, by the Title Policy and any endorsements thereto.

5.06 Evidence of Clean Title. The Developer, at its own expense, has provided the City with searches under the names of the Multi-Family Building Developer, the Senior Building Developer, and 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 the Multi-Family Building Developer, the Senior Building Developer, the Managing Member, the Property or any fixtures now or hereafter affixed thereto, except for the Permitted Liens.

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

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

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

5.10 Evidence of Prior Expenditures. The Developer has provided evidence satisfactory to DPD in its sole discretion of the Prior Expenditures in accordance with the provisions of Section 4.05 hereof.

5.11 Financial Statements. The Developer has provided Financial Statements to DPD for its most recent fiscal year, and audited or unaudited interim financial statements.

5.12 Documentation. The Developer has provided documentation to the City, satisfactory in form and substance to the City, with respect to current employment matters.

5.13 Environmental. The Developer has provided DPD with copies of that certain phase I environmental audit completed with respect to the Property [and any phase II environmental audit with respect to the Property required by the City.] The Developer has provided the City with a letter from the environmental engineer(s) who completed such audit(s), authorizing the City to rely on such audits.

5.14 Corporate Documents; Economic Disclosure Statement. The Developer has provided a copy of its Articles or Certificate of Organization containing the original certification of the Secretary of State of its state of organization; certificates of good standing from the Secretary of State of its state of organization and all other states in which the Developer is qualified to do business; a secretary's certificate or equivalent certification in such form and substance as the Corporation Counsel may require; the operating agreement of the Developer; and such other corporate documentation as the City has requested. The Developer has provided to the City an Economic Disclosure Statement, in the City's then current form, dated as of the Closing Date.

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

5.16 Lease. The Developer has provided the City with a copy of the Lease.

SECTION 6. AGREEMENTS WITH CONTRACTORS

6.01 Bid Requirement for General Contractor and Subcontractors. The City has approved the Developer's selection of James McHugh Construction Company as the General Contractor pursuant to a competitive bidding process. The Developer shall submit copies of the Construction Contract to DPD in accordance with Section 6.02 below. Photocopies of any subcontracts relating to the TIF-Funded Improvements shall be provided to DPD each calendar quarter during the construction of the Project. 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 all requisite permits have been obtained.

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 and shall not be unreasonable withheld or delayed. If, however, DOH approves the proposed Construction Contract prior to its submission by the Developer to DPD, DPD shall be deemed to have approved the Construction Contract. 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 the commencement of any portion of the Project which includes work on the public way, the Developer shall require that the General Contractor be bonded for its payment by sureties having an AA rating or better using a bond in the form attached as Exhibit P hereto. The City shall be named as obligee or co-obligee on any such bonds. The Developer shall also require that the General Contractor provide (i) a performance and payment bond in the full amount of the Construction Contract, underwritten by a surety satisfactory to the City and the Corporation Counsel, and naming the City as co-obligee on such bond, or (ii) a letter of credit in an amount not less than 15 percent of the full amount of the Construction Contract or an amount satisfactory to the City, from a bank satisfactory to the City and the Corporation Counsel, and naming the City as a payee on such letter of credit, if and as required by DOH in connection with the City Loan.

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, as applicable), 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 fifteen (15) business days of the execution thereof.

SECTION 7. COMPLETION OF CONSTRUCTION OR REHABILITATION

7.01 Certificate of Completion of Construction. Upon (a) Substantial Completion of the construction of the Project in accordance with the terms of this Agreement, (b) issuance of a temporary Certificate of Occupancy by the City for all floors of the Multi-Family Building and the Senior Building to be occupied by residents, and (c) the Developer's written request, DPD shall, within forty-five (45) days of the City's receipt of the Developer's aforementioned request, issue either (i) a Certificate of Completion in recordable form certifying that the Developer has fulfilled its obligation to complete the Project in accordance with the terms of this Agreement, or (ii) 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 the Developer must take in order to obtain the Certificate. The Developer may resubmit a written request for a Certificate upon completion of such measures. Upon Substantial Completion, the Developer must provide DPD and DOH with an independent cost accounting for the Project, separately identifying the costs of construction of the Multi-Family Building and the Senior Building.

7.02 Effect of Issuance of Certificate; Continuing Obligations. The Certificate relates only to the construction 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 Sections 8.02, 8.13, 8.19, and 8.20 as covenants that run with the land are the only covenants in this Agreement intended to be binding upon any transferee of the Property (including an assignee as described in the following sentence) throughout the Term of the Agreement notwithstanding the issuance of a Certificate; provided, that upon the issuance of a Certificate, the covenants set forth in Section 8.02 shall be deemed to have been fulfilled. The other executory terms of this Agreement that remain after the issuance of a Certificate 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.

If the City does not provide any of the City Funds, the covenants referenced in the preceding paragraph and all other terms, conditions and restrictions described in this Agreement shall be automatically released and shall not encumber the Property.

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

(a) the right to terminate this Agreement and cease all disbursement of City Funds not yet disbursed pursuant hereto;

(b) the right (but not the obligation) to complete those TIF-Funded Improvements that are public improvements (if any) 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 specific performance or reimbursement of the City Funds from the Developer.

7.04 Notice of Expiration of Term of Agreement. Upon the expiration of the Term of the Agreement, DPD shall provide the Developer, within 30 days of the Developer's written request, with a written notice in recordable form stating that the Term of the Agreement has expired.

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

8.01 General. The Developer represents, warrants and covenants, as of the date of this Agreement and as of the date of each disbursement of City Funds hereunder, that:

(a) the Developer is an Illinois limited liability company duly organized, validly existing, qualified to do business in Illinois, and licensed to do business in any other state where, due to the nature of its activities or properties, such qualification or license is required;

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

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

(d) unless otherwise permitted or not prohibited pursuant to or under the terms of this Agreement, the Developer shall acquire and shall maintain good, indefeasible and merchantable fee simple title to the Property (and all improvements thereon) free and clear of all liens (except for the

Permitted Liens, Lender Financing as disclosed in the Project Budget and non-governmental charges that the Developer is contesting in good faith pursuant to Section 8.15 hereof).

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

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

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

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

(i) the Financial Statements are, and when hereafter required to be submitted will be, complete, correct in all material respects and accurately present the assets, liabilities, results of operations and financial condition of 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) prior to the issuance of a Certificate, the Developer shall not do any of the following without the prior written consent of DPD: (1) be a party to any merger, liquidation or consolidation; (2) sell, transfer, convey, lease or otherwise dispose of all or substantially all of its assets or any portion of the Property (including but not limited to any fixtures or equipment now or hereafter attached thereto) except in the ordinary course of business; (3) enter into any transaction outside the ordinary course of the Developer's business; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity; or (5) enter into any transaction that would cause a material and detrimental change to the Developer's financial condition;

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

(l) has not made or caused to be made, directly or indirectly, any payment, gratuity or offer of employment in connection with the Agreement or any contract paid from the City treasury or pursuant to City ordinance, for services to any City agency ("City Contract") as an inducement for

the City to enter into the Agreement or any City Contract with the Developer in violation of Chapter 2-156-120 of the Municipal Code of the City; and

(m) the copy of the Lease which the Developer has provided to the City is complete, true and accurate in all respects.

8.02 Covenant to Redevelop. Upon DPD's approval of the Project Budget, the Building Permit Drawings and Approved Site Plan Drawings 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, the TIF Ordinances, the TIF Bond Ordinance, the Building Permit Drawings, Approved Site Plan Drawings, 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, but shall be deemed satisfied upon issuance by the City of a Certificate with respect thereto.

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 TIF 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 Redevelopment Area, the proceeds of which may be used to reimburse the City for expenditures made in connection with, or provide a source of funds for the payment for, the TIF-Funded Improvements (the "Other TIF Bonds"); provided, however, that any such amendments shall not have a material adverse effect on the Developer or the Project and shall not affect the Developer's right to receive payments under the City Note or increase the Priorities (as described in Section 4.03(b)) or have a material adverse effect on the Developer or the Project. The Developer shall, at the Developer's expense, cooperate and provide reasonable assistance in connection with the marketing of any such Other Bonds, including but not limited to providing written descriptions of the Project, making representations, providing information regarding its financial condition and assisting the City in preparing an offering statement with respect thereto; provided, however, City shall provide notice to Lender of any proposed amendments.

8.06 [Omitted]

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 on a monthly basis. If any such reports indicate a shortfall in compliance, the Developer shall also deliver a plan to DPD which shall outline, to DPD's satisfaction, the manner in which the Developer shall correct any shortfall.

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

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

8.10 Arms-Length Transactions. With the exception of the Developer's Fee payable to Multi-Family Building Developer, unless DPD has 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 (except with respect to the Acquisition to the extent that the costs of the Acquisition constitute Prior TIF-Eligible Expenditures). The Developer shall provide information with respect to any entity to receive City Funds directly or indirectly (whether through payment to the Affiliate by the Developer and reimbursement to the Developer for such costs using City Funds, or otherwise), upon DPD's request, prior to any such disbursement.

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

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

8.13 Financial Statements. The Developer, its successors and assigns shall obtain and provide to DPD Financial Statements for (a) the Multi-Family Building Developer's fiscal year ended January 31, 2005 (or applicable fiscal year end) and each January 31 (or applicable fiscal year end) thereafter (or for the applicable successor or assign's fiscal year), (b) the Senior Building Developer's

fiscal year ended December 31, 2004 (or applicable fiscal year end) and each December 31 (or applicable fiscal year end) thereafter (or for the applicable successor or assign's fiscal year), and (c) Forest City's fiscal year ended January 31, 2005 (or applicable fiscal year end) and each January 31 (or applicable fiscal year end) thereafter (or for the applicable successor or assign's fiscal year) 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. The covenants set forth in this Section shall run with the land and be binding upon any transferee.

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

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

(b) Right to Contest. The Developer has 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 against the Property 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, subject, however, to the terms of a subordination agreement in substantially the form attached hereto as Exhibit O. 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 (except for those assessed by foreign nations, states other than the State of Illinois, counties of the State other than Cook County, and municipalities other than the City) relating to the Developer, the Property or the Project including but not limited to real estate taxes.

(ii) Right to Contest. The Developer has 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. The Developer's right to challenge real estate taxes applicable to the Property is limited as provided for in Section 8.19(c) below; provided, that such real estate taxes must be paid in full when due and may be disputed only after such payment is made. 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 fully any such contested Governmental Charge and all interest and penalties upon the adverse determination of such contest.

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

8.20 Affordable Housing Covenant. The Developer agrees and covenants with the City that, prior to any foreclosure of the Property by a lender providing Lender Financing, the provisions of (i) that certain Regulatory Agreement and Declaration of Restrictive Covenants executed by the Multi-Family Building Developer, Seaway National Bank of Chicago, as Trustee of the Housing Bonds ("Seaway"), and the City as of the date hereof (the "Multi-Family Building Regulatory Agreement"), and (ii) that certain Regulatory Agreement and Declaration of Restrictive Covenants executed by the Senior Building Developer, Seaway, and the City as of the date hereof (the "Senior Building Regulatory Agreement") (the Multi-Family Building Regulatory Agreement, together with the Senior Building Regulatory Agreement, the "Regulatory Agreement"), to the extent that the provisions of the Regulatory Agreement are more restrictive and/or onerous than this Section 8.20, shall govern the terms of the Developer's obligation to provide affordable housing. Following foreclosure, if any, and from the date of such foreclosure through the thirtieth anniversary of the earlier of: (1) the date of issuance of a temporary Certificate of Occupancy for the Multi-Family Building, and (2) the date of issuance of a temporary Certificate of Occupancy for the Senior

Building, pursuant to the Affordability Guidelines (as such term is defined in Section 8.20(d)(i) below), the following provisions (a) through (f) of this Section 8.20 shall govern the terms of the obligation to provide affordable housing under this Agreement:

(a) (i) Except for retail (including commercial) space on the first floor thereof, the Senior Building shall be operated and maintained solely as residential rental housing; and (ii) except for retail (including commercial) space on the first floor thereof, the Multi-Family Building shall be operated and maintained solely as residential rental housing.

(b) (i) All of the units in the Senior Building shall be available for occupancy to and be occupied solely by one or more senior citizens qualifying as Low Income Families (as defined below) upon initial occupancy; and (ii) 20% of the units in the Multi-Family Building shall be available for occupancy to and be occupied solely by one or more individuals qualifying as Low Income Families (as defined below) upon initial occupancy.

(c) (i) All of the units in the Senior Building shall have monthly rents payable by the tenant not in excess of thirty percent (30%) of the maximum allowable income for a Low Income Family (with the applicable Family size for such units determined in accordance with the rules specified in Section 42(g)(2) of the Code, as amended ("Section 42(g)(2)")); and (ii) 20% of the units in the Multi-Family Building shall have monthly rents payable by the tenant not in excess of thirty percent (30%) of the maximum allowable income for a Low Income Family (with the applicable Family size for such units determined in accordance with the rules specified in Section 42(g)(2)); provided, however, that for any unit occupied by a Family (as defined below) that no longer qualifies as a Low Income Family due to an increase in such Family's income since the date of its initial occupancy of such unit, the maximum monthly rent for such unit shall not exceed thirty percent (30%) of such Family's monthly income.

(d) As used in this Section 8.20, the following terms have the following meanings:

(i) "Affordability Guidelines" shall mean those certain affordability guidelines adopted by the City pursuant to an ordinance approved by the City Council on July 31, 2002 and Section 74.4-3(q)(11)(F) of the Act;

(ii) "Family" shall mean one or more individuals, whether or not related by blood or marriage; and

(iii) notwithstanding anything to the contrary contained or incorporated in the Affordability Guidelines, "Low Income Families" shall mean Families whose annual income does not exceed sixty percent (60%) of the Chicago-area median income, adjusted for Family size, as such annual income and Chicago-area median income are determined from time to time by the United States Department of Housing and Urban Development, and thereafter such income limits shall apply to this definition.

(e) The covenants set forth in this Section 8.20 shall run with the land and be binding upon any transferee.

(f) The City and the Developer may enter into a separate agreement to implement the provisions of this Section 8.20.

(g) Pursuant to the Senior Building Regulatory Agreement, among other things:

(i) "Low and Moderate Income Tenants" means and includes individuals or families with adjusted income, calculated in the manner prescribed in Regulation Section 1.167(k)-3(b)(3) as it shall be in effect on the date that the Senior Housing Bonds are issued (or, if not issued on the same date, the earliest issuance date of the Senior Housing Bonds), which does not exceed sixty percent (60%) of the median gross income for the area in which the Property is located, determined in a manner consistent with determinations of median gross income made under the leased housing program established under Section 8 of the United States Housing Act of 1937, as amended, or if that program is terminated, under that program as in effect immediately before termination. That determination shall include adjustments for family size. In no event, however, will the occupants of a unit of the Property be considered to be Low and Moderate Income Tenants if all the occupants are students, no one of whom is entitled to file a joint return for federal income tax purposes;

(ii) "Qualified Development Period" means the period beginning on the date on which ten percent (10%) of the units in the Property are first occupied and ending on the latest of the date (i) which is fifteen (15) years after the date on which at least fifty percent (50%) of the residential units in the Mortgaged Property are occupied, (ii) which is the first date on which no tax-exempt private activity bond issued with respect to the Property is outstanding, or (iii) on which any assistance presently provided with respect to the Property under Section 8 of the United States Housing Act of 1937, as amended, terminates; and

(iii) at all times during the Qualified Development Period, at least forty percent (40%) of the completed residential units shall be occupied by Low and Moderate Income Tenants. For purposes of satisfying that requirement, a unit occupied by an individual or family who at the commencement of occupancy is a Low and Moderate Income Tenant shall be treated as occupied by such an individual or family during their tenancy in such unit, even though that individual or family subsequently ceases to be a Low and Moderate Income Tenant. The preceding sentence shall, however, cease to apply to any resident whose income as of the most recent determination exceeds one hundred forty percent (140%) of the sixty percent (60%) income limitation amount if, after such determination, but before the next determination, any residential unit of comparable or smaller size in the Property is occupied by a new resident whose income exceeds that sixty percent (60%) limitation. A unit treated as occupied by a Low and Moderate Income Tenant shall be treated as occupied after it is vacated until reoccupied (other than for a temporary period not to exceed 31 days), at which time the character of the unit shall be redetermined.

(h) Pursuant to the Multi-Family Building Regulatory Agreement, among other things:

(i) "Low and Moderate Income Tenants" means and includes individuals or families with adjusted income, calculated in the manner prescribed in Regulation Section 1.167(k)-3(b)(3) as it shall be in effect on the date that the Multi-Family Bonds are issued (or, if not issued on the same date, the earliest issuance date of the Multi-Family Bonds), which does not exceed fifty percent (50%) of the median gross income for the area in which the Property is located, determined in a manner consistent with determinations of median gross income made under the leased housing program established under Section 8 of the United States Housing Act of 1937, as amended, or if that program is terminated, under that program as in effect immediately before termination. That determination shall include adjustments for family size. In no event, however, will the occupants of a unit of the Multi-Family Building be considered to be Low and Moderate Income Tenants if all the occupants are students, no one of whom is entitled to file a joint return for federal income tax purposes;

(ii) "Qualified Development Period" means the period beginning on the date on which ten percent (10%) of the units in the Multi-Family Building are first occupied and ending on the latest of the date (i) which is fifteen (15) years after the date on which at least fifty percent (50%) of the residential units in the Multi-Family Building are occupied, (ii) which is the first date on which no tax-exempt private activity bond issued with respect to the Multi-Family Building is outstanding, or (iii) on which any assistance presently provided with respect to the Multi-Family Building under Section 8 of the United States Housing Act of 1937, as amended, terminates; and

(iii) at all times during the Qualified Development Period, at least twenty percent (20%) of the completed residential units in the Multi-Family Building shall be occupied by Low and Moderate Income Tenants. For purposes of satisfying that requirement, a unit occupied by an individual or family who at the commencement of occupancy is a Low and Moderate Income Tenant shall be treated as occupied by such an individual or family during their tenancy in such unit, even though that individual or family subsequently ceases to be a Low and Moderate Income Tenant. The preceding sentence shall, however, cease to apply to any resident whose income as of the most recent determination exceeds one hundred forty percent (140%) of the fifty percent (50%) income limitation amount if, after such determination, but before the next determination, any residential unit of comparable or smaller size in the Multi-Family Building is occupied by a new resident whose income exceeds that fifty percent (50%) limitation. A unit treated as occupied by a Low and Moderate Income Tenant shall be treated as occupied after it is vacated until reoccupied (other than for a temporary period not to exceed 31 days), at which time the character of the unit shall be redetermined.

8.21 [Omitted]

8.22 Public Benefits Program. The Developer agrees to contribute the sum of \$100,000.00 to After School Matters, Inc. c/o Mayor Daley's KidStart Initiative, due and payable on the Closing Date.

8.23 [Omitted]

8.24 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. If, however, the City does not provide any of the City Funds to Developer, the covenants referenced herein and all other terms, conditions and restrictions described in this Agreement shall be automatically released and shall no longer encumber the Property.

SECTION 9. COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY

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

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

SECTION 10. DEVELOPER'S EMPLOYMENT OBLIGATIONS

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

(a) No Employer shall discriminate against any employee or applicant for employment based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income as defined in the City of Chicago Human Rights Ordinance, Chapter 2-160, Section 2-160-010 et seq., Municipal Code, except as otherwise provided by said ordinance and as amended from time to time (the "Human Rights Ordinance"). Each Employer shall take affirmative action to ensure that applicants are hired and employed without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income and are treated in a non-discriminatory manner with regard to all job-related matters, including without limitation: employment, upgrading,

demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Each Employer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the City setting forth the provisions of this nondiscrimination clause. In addition, the Employers, in all solicitations or advertisements for employees, shall state that all qualified applicants shall receive consideration for employment without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income.

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

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

(d) Each Employer, in order to demonstrate compliance with the terms of this Section, shall cooperate with and promptly and accurately respond to inquiries by the City, which has the responsibility to observe and report compliance with equal employment opportunity regulations of federal, state and municipal agencies.

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

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

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

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

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

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

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

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

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

When work at the Project is completed, in the event that the City has determined that the Developer has failed to ensure the fulfillment of the requirement of this Section concerning the worker hours performed by actual Chicago residents or failed to report in the manner as indicated above, the City will thereby be damaged in the failure to provide the benefit of demonstrable employment to Chicagoans to the degree stipulated in this Section. Therefore, in such a case of non-compliance, it is agreed that 1/20 of 1 percent (0.0005) of the aggregate hard construction costs set forth in the Project Budget (the product of .0005 x such aggregate hard construction costs) (as the same shall be evidenced by approved contract value for the actual contracts) shall be surrendered by the Developer to the City in payment for each percentage of shortfall toward the stipulated residency

requirement. Failure to report the residency of employees entirely and correctly shall result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. The willful falsification of statements and the certification of payroll data may subject the Developer, the General Contractor and/or the subcontractors to prosecution. **Any retainage to cover contract performance that may become due to the Developer pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Chief Procurement Officer's determination as to whether the Developer must surrender damages as provided in this paragraph.**

In the event the Developer shall fail to pay any sum required pursuant to this Section, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless the Developer has failed to make such payment within ten (10) days of its receipt of a written notice from the City specifying that it has failed to make such payment.

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

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

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

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

i. At least 25 percent by MBEs.

ii. At least 5 percent by WBEs.

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

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

d. The Developer shall deliver quarterly reports to DOH's monitoring unit (the "Monitoring Unit," which performs similar functions for DPD) during the Project describing its efforts to achieve compliance with this MBE/WBE commitment. Such reports shall include inter alia the name and business address of each MBE and WBE solicited by the Developer or the General Contractor to work on the Project, and the responses received from such solicitation, the name and business address of each MBE or WBE actually involved in the Project, a description of the work performed or products or services supplied, the date and amount of such work, product or service, and such other information as may assist the Monitoring Unit in determining the Developer's compliance with this MBE/WBE commitment. The Monitoring Unit has access to the Developer's books and records, including, without limitation, payroll records, books of account and tax returns, and records and books of account in accordance with Section 14 of this Agreement, on five (5) business days' notice, to allow the City to review the Developer's compliance with its commitment to MBE/WBE participation and the status of any MBE or WBE performing any portion of the Project.

e. Upon the disqualification of any MBE or WBE General Contractor or subcontractor, if such status was misrepresented by the disqualified party, the Developer shall be obligated to discharge or cause to be discharged the disqualified General Contractor or subcontractor and, if possible, identify and engage a qualified MBE or WBE as a replacement. For purposes of this Subsection (e), the disqualification procedures are further described in Section 2-92-540, Municipal Code of Chicago. Notwithstanding the foregoing, the Developer shall not be obligated to discharge or caused to be discharged any MBE or WBE General Contractor or subcontractor which qualified as an MBE or WBE at the time of the letting of the applicable Construction Contract or subcontract but subsequently fails to qualify as an MBE or WBE solely as a result of the recent amendment to (effective June 28, 2004) and any subsequent amendments to or repeal of all or any portion of Section 2-92-420 et seq. of the Municipal Code of Chicago. This provision shall not limit the applicability in future during the Term of this Agreement of any federal, state or local laws, statutes, ordinances, rules, regulations, executive orders or codes or the decision of any court of competent jurisdiction.

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

g. Prior to the commencement of the Project, the Developer, the General Contractor and all major subcontractors shall be required to meet with the Monitoring Unit with regard to the Developer's compliance with its obligations under this Section 10.03. During this meeting, the Developer shall demonstrate to the Monitoring Unit its plan to achieve its obligations under this Section 10.03, the sufficiency of which shall be approved by the Monitoring Unit. During the Project, the Developer shall submit the documentation required by this Section 10.03 to the Monitoring Unit, including the following: (i) subcontractor's activity report; (ii) contractor's certification concerning labor standards and prevailing wage requirements; (iii) contractor letter of understanding; (iv) monthly utilization report; (v) authorization for payroll agent; (vi) certified payroll; (vii) evidence that MBE/WBE contractor associations have been informed of the Project via written notice and hearings; and (viii) evidence of compliance with job creation/job retention requirements. Failure to submit such documentation on a timely basis, or a determination by the Monitoring Unit, upon analysis of the documentation, that the Developer is not complying with its obligations hereunder shall, upon the delivery of written notice to the Developer, be deemed an Event of Default hereunder. Upon the occurrence of any such Event of Default, in addition to any other remedies provided in this Agreement, the City may: (1) issue a written demand to the Developer to halt the Project, (2) withhold any further payment of any City Funds to the Developer or the General Contractor, or (3) seek any other remedies against the Developer available at law or in equity.

h. As of the Closing Date, it is the understanding and intention of the parties hereto that the foregoing provisions of this Section 10.03 shall govern the Developer's MBE/WBE commitment hereunder, regardless of the recent amendment to (effective June 28, 2004) and any subsequent amendments to or repeal of all or any portion of Section 2-92-420 *et seq.* of the Municipal Code of Chicago. This provision shall not limit the applicability in future during the Term of this Agreement of any federal, state or local laws, statutes, ordinances, rules, regulations, executive orders or codes or the decision of any court of competent jurisdiction.

SECTION 11. ENVIRONMENTAL MATTERS

The Developer hereby represents and warrants to the City that the Developer has conducted environmental studies sufficient to conclude that the Project may be constructed, completed and operated in accordance with all Environmental Laws and this Agreement and all Exhibits attached hereto, the Building Permit Drawings, Approved Site Plan Drawings 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 the Agreement (or as otherwise specified below), the insurance coverages and requirements specified below, insuring all operations related to the Agreement.

(a) Prior to Execution and Delivery of this Agreement and Throughout the Term of the 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 has limits of not less than \$2,000,000 per occurrence and \$6,000,000 in the aggregate for losses arising out of injuries to or death of all persons, and for damage to or destruction of property, including the loss of use thereof.

(v) Builders Risk Insurance

When the Contractor undertakes any construction, including improvements, betterments, and/or repairs, the Contractor shall provide, or cause to be provided All Risk Builders Risk Insurance at replacement cost for materials, supplies, equipment, machinery and fixtures that are or will be part of the permanent facility. Coverages shall include but are not limited to the following: collapse, boiler and machinery if applicable. The City of Chicago shall be named as an additional insured and loss payee. The City acknowledges that the Lender (and other parties) may also 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 has limits sufficient to pay for the re-creations and reconstruction of such records.

(viii) Contractor's Pollution Liability

When any remediation work is performed which may cause a pollution exposure, contractor's Pollution Liability shall be provided with limits of not less than \$1,000,000 insuring bodily injury, property damage and environmental remediation, cleanup costs and disposal. When policies are renewed, the policy retroactive date must coincide with or precede, start of work on the Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of one (1) year. The City of Chicago is to be named as an additional insured on a primary, non-contributory basis.

(c) Term of the Agreement

- (i) Prior to the execution and delivery of this Agreement and during construction of the Project, All Risk Property Insurance in the amount of the full replacement value of the Property. The City of Chicago is to be named an additional insured on a primary, non-contributory basis.
- (ii) Post-construction, throughout the Term of the Agreement, All Risk Property Insurance, including improvements and betterments in the amount of full replacement value of the Property. Coverage extensions shall include business interruption/loss of rents, flood and boiler and machinery, if applicable. The City of Chicago is to be named an additional insured on a primary, non-contributory basis.

(d) Other Requirements

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

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

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

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

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

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

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

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

If the Developer, General Contractor or any subcontractor desires additional coverages, the Developer, General Contractor and any 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, so long as any such change does not increase these requirements.

SECTION 13. INDEMNIFICATION

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

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

(ii) the Developer's or any contractor's failure to pay General Contractors, subcontractors or materialmen in connection with the TIF-Funded Improvements or any other Project improvement; or

(iii) the existence of any material misrepresentation or omission in this Agreement, any offering memorandum or information statement or the Redevelopment Plan or any other document related to this Agreement that is the result of information supplied or omitted by the Developer or any Affiliate Developer or any agents, employees, contractors or persons acting under the control or at the request of the Developer or any Affiliate of Developer; or

(iv) the Developer's failure to cure any misrepresentation in this Agreement or any other agreement relating hereto;

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

SECTION 14. MAINTAINING RECORDS/RIGHT TO INSPECT

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

14.02 Inspection Rights. Upon three (3) business days' notice, any authorized representative of the City has 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, including, without limitation, the Regulatory Agreement;

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

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

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

(e) the commencement of any proceedings in bankruptcy by or against the Developer or for the liquidation or reorganization of the Developer, or alleging that the Developer is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of the Developer's debts, whether under the United States Bankruptcy Code or under any other state or federal law, now

or hereafter existing for the relief of debtors, or the commencement of any analogous statutory or non-statutory proceedings involving the Developer; provided, however, that if such commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such proceedings are not dismissed within sixty (60) days after the commencement of such proceedings;

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

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

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

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

(j) the institution in any court of a criminal proceeding (other than a misdemeanor) against the Developer or any natural person who owns a material interest in the Developer, 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 Developer, for any crime (other than a misdemeanor); or

(k) prior to the issuance of the Certificate, and without the prior written consent of the City, (i) the sale or transfer of any of the ownership interests of the Developer (except as may be contemplated by the operating agreement of the Senior Building Developer, and except for the sale, exchange or other disposition of a controlling ownership interest in the Senior Building Developer by the Managing Member to the Tax Credit Investor for cash, property or assumption of indebtedness, which such sale, exchange or other disposition shall include a transfer by the Tax Credit Investor or an affiliate thereof of its interests in the Senior Building Developer to a limited partnership or a limited liability company of which the Tax Credit Investor or an affiliate thereof is the general partner or the managing member), (ii) the sale, transfer or lease of all or substantially all of the Developer's property, (iii) the entering into by the Developer of any transaction outside the ordinary course of business of the Developer, (iv) the assumption or guaranteeing by the Developer of the obligations of another person, or (v) the entering into by the Developer of a transaction that would cause a material and detrimental change in the financial condition of the Developer; or

(l) the failure of the Developer to repay the required and applicable portion of the City Funds to the City pursuant to Section 4.09 hereof.

For purposes of Sections 15.01(i) and 15.01(j) hereof, a person with a material interest in the Developer shall be one owning in excess of ten (10%) of the Developer's membership interests.

15.02 Remedies. (a) Upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements, and may suspend disbursement of City Funds. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to injunctive relief or the specific performance of the agreements contained herein; provided, however, that City may pursue and secure money damages only for an Event of Default under Sections 4.09, 8.20, and 10 hereof. The City acknowledges that any judgment lien for money damages hereunder that it may record against the Property or otherwise seek to enforce against the Developer (a "Judgment Lien") shall be subordinate to (i) the lien on the Property of the GMAC Mortgage (as such term is defined in Section 4.09(a)(ii) hereof), (ii) the lien on the Property of the mortgage (or mortgages) given by the Developer to Fannie Mae, (iii) any lien(s) on or security interest(s) in the Property or any other collateral given by the Developer to LaSalle to secure LaSalle's Lender Financing, and (iv) any lien(s) on or security interest(s) in the Property or any other collateral given by the Developer to any other party to secure that party's provision of financing or similar assistance to the Developer for the Project as of the date hereof (or otherwise prior to the recording or attachment of the Judgment Lien). (b) In addition, but not by way of limitation, in the event that the Developer fails to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Developer pursuant to Section 8.20 above, then the Developer shall reimburse the City in the full amount of City Funds disbursed hereunder.

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 has 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 has 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.

At the time the City gives notice to the Developer of the Developer's failure to perform a covenant, the City shall also give written notice of such failure to LaSalle, GMAC, Fannie Mae, the Tax Credit Investor and any Secured Party. Notice to LaSalle, GMAC, Fannie Mae and the Tax Credit Investor shall be sent pursuant to Section 17 hereof. For purposes of this provision, a "Secured Party" shall mean a party which (a) holds an Existing Mortgage or a Permitted Mortgage (as those

terms are defined in Section 16 below) and (b) has previously notified the City in writing of the appropriate party to whom and place where notice of the Developer's failure to perform should be sent on that Secured Party's behalf. The City shall afford LaSalle, GMAC, Fannie Mae, the Tax Credit Investor and/or any such Secured Party (but not the Developer) a 120 day cure period (commencing upon the expiration of the applicable cure period afforded to the Developer) to cure the Developer's failure to perform as set forth above. The City, however, shall not be deemed to have failed to perform any of its obligations hereunder if it fails or is unable to so notify LaSalle, GMAC, Fannie Mae, the Tax Credit Investor or any Secured Party. The City shall accept cure from LaSalle, GMAC, Fannie Mae, the Tax Credit Investor or any Secured Party and, upon such cure, shall not exercise its remedies under Section 15.02 hereof.

SECTION 16. MORTGAGING OF THE PROJECT

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

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

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

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

(c) Prior to the issuance by the City to the Developer of a Certificate pursuant to Section 7 hereof, no New Mortgage shall be executed with respect to the Property or any portion thereof without the prior written consent of the Commissioner of DPD.

SECTION 17. NOTICE

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

If to the City:	City of Chicago Department of Planning and Development 121 North LaSalle Street, Room 1000 Chicago, IL 60602 Attention: Commissioner
With Copies To:	City of Chicago Department of Law Finance and Economic Development Division 121 North LaSalle Street, Room 600 Chicago, IL 60602
If to the Developer:	FC Central Station Residential, LLC FC Central Station Senior, LLC FC Central Station Properties, LLC c/o Forest City Capital Corporation Terminal Tower 50 Public Square, Suite 1170 Cleveland, OH 44113-2267 Attention: Ronald Ratner
With Copies To:	Forest City Capital Corporation Terminal Tower 50 Public Square, Suite 1170 Cleveland, OH 44113-2267 Attention: John Wallenmeyer
and	Forest City Capital Corporation

Terminal Tower
50 Public Square, Suite 1170
Cleveland, OH 44113-2267
Attention: David Gordon

and Central Station Development Corporation
1211 South Michigan Avenue
Chicago, IL 60605

and Foley & Lardner
321 North Clark Street, Suite 2800
Chicago, IL 60610-4764
Attention: Christopher N. Knight

and the Tax Credit Investor Apollo Housing Capital, LLC
600 Superior Avenue, Suite 2300
Cleveland, OH 44114
Attention: President and General Counsel

and Applegate & Thorne-Thomsen
322 South Green Street, Suite 400
Chicago, IL 60607
Attention: Ben Applegate

and Fannie Mae Fannie Mae
3900 Wisconsin Avenue, NW
Drawer AM
Washington, DC 20016-2899
Attention: Director, Multi-Family Asset Management

and O'Melveny & Myers LLP
400 South Hope Street
Los Angeles, CA 90071
Attention: Masood Sohaili

and GMAC GMAC Commercial Mortgage Corp.
100 South Wacker Drive
Suite 400
Chicago, IL 60606
Attention: Frank J. Guzauskas

and GMAC Commercial Mortgage Corporation
4195 East Thousand Oaks Boulevard

Suite 201
Westlake Village, CA 91362
Attention: Servicing Department

and
GMAC Commercial Mortgage Corporation
200 Witmer Road
P.O. Box 809
Horsham, PA 19044
Attention: Servicing - Account Manager

and
Brown Raysman Millstein Felder & Steiner
900 Third Avenue
New York, NY 10022-4728
Attention: Andrew L. Kramer

and LaSalle
LaSalle Bank National Association
135 South LaSalle Street
Suite 1225
Chicago, IL 60603
Attention: Marilyn C. Maloney

and
Jenner & Block LLP
One IBM Plaza
Chicago, IL 60611
Attention: Donald S. Horvath

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

SECTION 18. MISCELLANEOUS

18.01 Amendment. This Agreement and the Exhibits attached hereto may not be amended or modified without the prior written consent of the parties hereto; provided, however, that the City, in its sole discretion, may amend, modify or supplement Exhibit D hereto without the consent of any party hereto if the effect of such amendment, modification or supplementation is not to materially increase the obligations of Developer hereunder or otherwise adversely affect the Developer's rights hereunder. It is agreed that no material amendment or change to this Agreement shall be made or be effective unless ratified or authorized by an ordinance duly adopted by the City Council. The term "material" for the purpose of this Section 18.01 shall be defined as any deviation from the terms

of the Agreement which operates to cancel or otherwise reduce any developmental, construction or job-creating obligations of Developer (including those set forth in Sections 10.02 and 10.03 hereof) by more than five percent (5%) or materially changes the Project site or character of the Project or any activities undertaken by Developer affecting the Project site, the Project, or both, or increases any time agreed for performance by the Developer by more than ninety (90) days.

18.02 Entire Agreement. This Agreement (including each Exhibit attached hereto, which is hereby incorporated herein by reference) constitutes the entire Agreement between the parties hereto and it supersedes all prior agreements, negotiations and discussions between the parties relative to the subject matter hereof.

18.03 Limitation of Liability. No member, official or employee of the City shall be personally liable to the Developer 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. No delay or omission on the part of a party in exercising any right shall operate as a waiver of such right or any other right unless pursuant to the specific terms hereof. A waiver by a party of a provision of this Agreement shall not prejudice or constitute a waiver of such party's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by a party, nor any course of dealing between the parties hereto, shall constitute a waiver of any such parties' rights or of any obligations of any other party hereto as to any future transactions.

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 TIF Bond Ordinance, such ordinance(s) shall prevail and control. In the event of a conflict between any provisions of this Agreement and the provisions of that certain Central Station Redevelopment Agreement dated November 1, 1991 and recorded November 1, 1991 as document number 91574409, as amended by First Amendment to Central Station Redevelopment Agreement dated November 1, 1991 and recorded December 23, 1994 as document number 04071129, this Agreement shall prevail and control.

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

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

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

18.15 Assignment. The Developer may not sell, assign or otherwise transfer its interest in this Agreement in whole or in part without the written consent of the City, except that the Developer may collaterally assign its interest in this Agreement to: (1) LaSalle pursuant to a Collateral Assignment and Security Agreement by and among the Developer, LaSalle and the City in substantially the form attached hereto as Exhibit Q (the "LaSalle Assignment"), and (2) the Tax Credit Investor, which assignment shall be subject and subordinate to the LaSalle Assignment. Any successor in interest to the Developer under this Agreement (other than LaSalle, whose obligations shall be governed by the LaSalle Assignment) 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 (Real Estate Provisions) and 8.24 (Survival of Covenants) 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). Except as otherwise provided herein, this Agreement shall not run to the benefit of, or be enforceable by, any person or entity other than a party to this Agreement and its successors and permitted assigns. This Agreement should not be deemed to confer upon third parties any remedy, claim, right of reimbursement or other right.

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, war, terrorism, 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 may hereto agree to submit to the jurisdiction of the courts of Cook County, the State of Illinois and the United States District Court for the Northern District of Illinois.

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

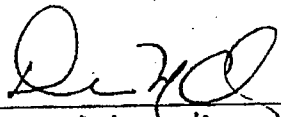
18.22 Business Relationships. The Developer acknowledges (A) receipt of a copy of Section 2-156-030 (b) of the Municipal Code of Chicago, (B) that Developer has read such provision and understands that pursuant to such Section 2-156-030 (b), it is illegal for any elected official of the City, or any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

18.23 Time Is of the Essence. The parties hereto shall perform their respective obligations hereunder within the time limits required hereunder, except as otherwise provided for herein, including but not limited to Section 18.17 hereof. **Further, the parties hereto acknowledge that TIME IS OF THE ESSENCE and that the failure of either party to comply with the time limits set forth herein may result in economic or other losses to the other party hereto.**

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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.

CITY OF CHICAGO

By: 
Commissioner
Department of Planning and Development

FC CENTRAL STATION RESIDENTIAL, LLC

By: FC Central Station Properties, LLC
Its: Manager and Member

By: Forest City Equity Services, Inc.
Its: Manager and Member

By: _____
Name: _____
Title: _____

FC CENTRAL STATION SENIOR, LLC

By: FC Central Station Properties, LLC
Its: Manager and Member

By: Forest City Equity Services, Inc.
Its: Manager and Member

By: _____
Name: _____
Title: _____

FOREST CITY CENTRAL STATION, INC.

By: _____
Name: _____
Title: _____

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.

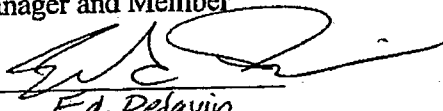
CITY OF CHICAGO

By: _____
Commissioner
Department of Planning and Development

FC CENTRAL STATION RESIDENTIAL, LLC

By: FC Central Station Properties, LLC
Its: Manager and Member

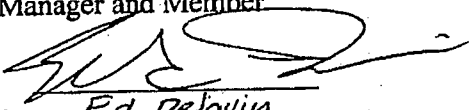
By: Forest City Equity Services, Inc.
Its: Manager and Member

By: 
Name: Ed Pelavin
Title: Executive Vice President


FC CENTRAL STATION SENIOR, LLC

By: FC Central Station Properties, LLC
Its: Manager and Member

By: Forest City Equity Services, Inc.
Its: Manager and Member

By: 
Name: Ed Pelavin
Title: Executive Vice President

FOREST CITY CENTRAL STATION, INC.

By: 
Name: Ed Pelavin
Title: Vice President

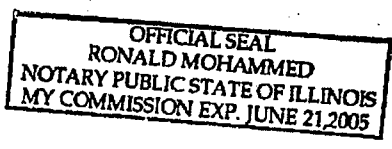
STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

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

GIVEN under my hand and official seal this 14 th day of JULY, 2004.

Ronald Mohammed
Notary Public

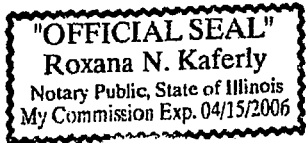
My Commission Expires 6-21-05



STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, ROXANA N. KA FERLY, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Ed Pelavin, personally known to me to be the Executive Vice President of Forest City Equity Services, Inc., an Ohio corporation ("Forest City Equity"), the manager and member of FC Central Station Properties, LLC, an Illinois limited liability company (the "Managing Member"), the manager and member of FC Central Station Residential, LLC, an Illinois limited liability company (the "Multi-Family Building 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 directors of Forest City Equity, as his/her free and voluntary act and as the free and voluntary act of Forest City Equity, of the Managing Member and of the Multi-Family Building Developer, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 14th day of JULY, 2004



[Signature]
Notary Public

My Commission Expires 4-15-06

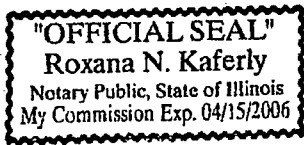
(SEAL)

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, ROXANA N. KA FERLY, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Ed Polavin, personally known to me to be the Executive Vice President of Forest City Equity Services, Inc., an Ohio corporation ("Forest City Equity"), the manager and member of FC Central Station Properties, LLC, an Illinois limited liability company (the "Managing Member"), the manager and member of FC Central Station Senior, LLC, an Illinois limited liability company (the "Senior Building 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 directors of Forest City Equity, as his/her free and voluntary act and as the free and voluntary act of Forest City Equity, of the Managing Member and of the Senior Building Developer, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 14th day of JULY, 2004

[Signature]
Notary Public



My Commission Expires 4-15-06

(SEAL)

EXHIBIT A

Redevelopment Area

(see attached)

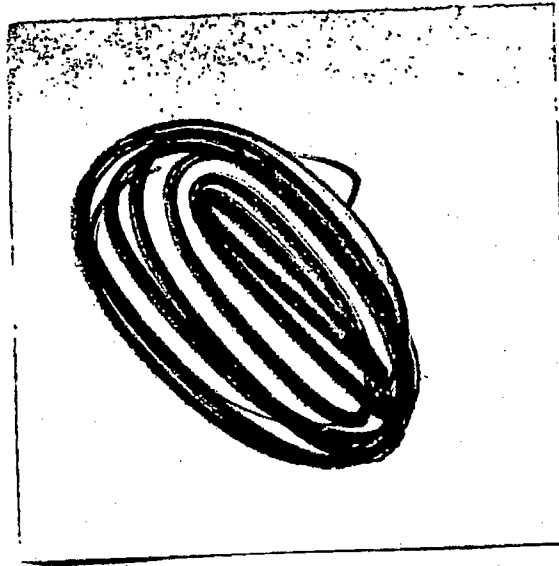
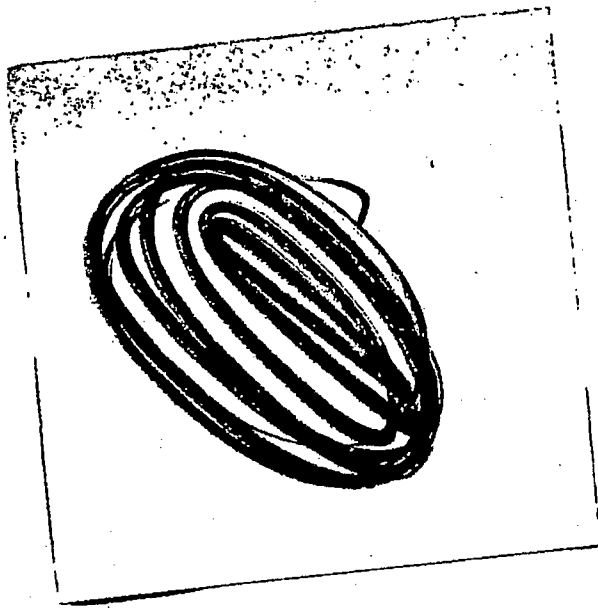


EXHIBIT A-1

Central Station Redevelopment Area

(see attached)



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SECTION 3. Invalidation of Any Section. If any section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

SECTION 4. Superseder and Effective Date. All ordinances, resolutions, motions or orders in conflict with this Ordinance be, and the same hereby are, repealed to the extent of such conflict, and this Ordinance shall be in full force and effect immediately upon its passage by the Corporate Authorities and approval as provided by law.

[Exhibit "C" attached to this ordinance printed on page 23048 of this Journal.]

Exhibits "A", "B" and "D" attached to this ordinance read as follows:

Exhibit "A".

Redevelopment Project Area Description.

The boundaries of the Central Station Area Redevelopment Project Area (hereinafter referred to as the "Redevelopment Project Area") have been carefully drawn to include only those contiguous parcels of real property and improvements thereon substantially benefited by the proposed redevelopment project improvements to be undertaken as part of this Redevelopment Plan. The boundaries are more specifically shown in Figure 1, Boundary Map, and more particularly described as follows:

that part of the southwest quarter of fractional Section 15, the northwest quarter of fractional Section 22 and the east half of the southwest fractional quarter of said Section 22, all in Township 39 North, Range 14 East of the Third Principal Meridian, bounded and described as follows:

those parts of the southwest quarter of fractional Section 15, the northwest quarter of fractional Section 22 and the east half of the southwest fractional quarter of said Section 22, all in Township 39 North, Range 14 East of the Third Principal Meridian, bounded and described as follows:

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beginning on the west line of South Michigan Avenue, at the intersection of said line with the north line of East 11th Street and running;

thence east along the eastward extension of said north line of East 11th Street, to the easterly right-of-way line of South Columbus Drive;

thence southwardly, along said easterly right-of-way line to an intersection with the eastward extension of the aforesaid north line of East Roosevelt Road;

thence east along said eastward extension of Roosevelt Road to the easterly right-of-way line of the southbound lanes of South Lake Shore Drive;

thence southwestwardly, southwardly and southeastwardly along the easterly right-of-way line of said southbound lanes to an intersection with the eastwardly extension of a line which is 1,500 feet northerly from and parallel with the northerly line of the East 23rd Street viaduct structure;

thence westwardly along said line which is 1,500 feet northerly from and parallel with the northerly line of said 23rd Street viaduct, to the westerly right-of-way line of the Illinois Central Railroad;

thence northwardly along said westerly right-of-way line a distance of 1,625 feet, more or less, to the northeast corner of Lot 1 in E. L. Sherman's Subdivision of Lots 4, 5 and 6 in Block 1 of Clarke's Addition to Chicago, in the southwest fractional quarter of Section 22 aforesaid;

thence west along the north line of said Lot 1, and along said north line extended west a distance of 186 feet, more or less, to the west line of South Prairie Avenue;

thence north along said west line of South Prairie Avenue a distance of 84 feet, more or less, to the southeast corner of Lot 5 in Assessor's Division of Lots 1, 2 and 3 in Block 1 of Clarke's Addition to Chicago aforesaid;

thence west along the south line of said Lot 5 a distance of 177 feet, more or less, to the point of intersection with a line which is the east line of a 20-foot wide alley;

thence north along said east line of the 20-foot wide alley a distance of 92 feet, more or less, to the south line of East 16th Street;

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thence west along said south line of East 16th Street, a distance of 263.00 feet, more or less, to the west line of South Indiana Avenue;

thence north along said west line of South Indiana Avenue, a distance of 1,407.00 feet, more or less, to the south line of East 14th Street;

thence west along said south line of East 14th Street, a distance of 441.00 feet, more or less, to the west line of South Michigan Avenue; and

thence north along said west line of South Michigan Avenue, a distance of 1,955.0 feet, more or less, to the point of beginning, in Cook County, Illinois.

[Figure 1 attached to this Exhibit "A" printed on page 23049 of this Journal.]

Exhibit "B".

The Central Station Redevelopment Project Area is generally bounded by 11th Place on the north, Lake Shore Drive on the east, 16th Street and the extension of Cullerton Street on the south, and Michigan and Indiana Avenues on the west.

Exhibit "D".

Central Station Area.

Tax Increment Financing Redevelopment Project And Plan.

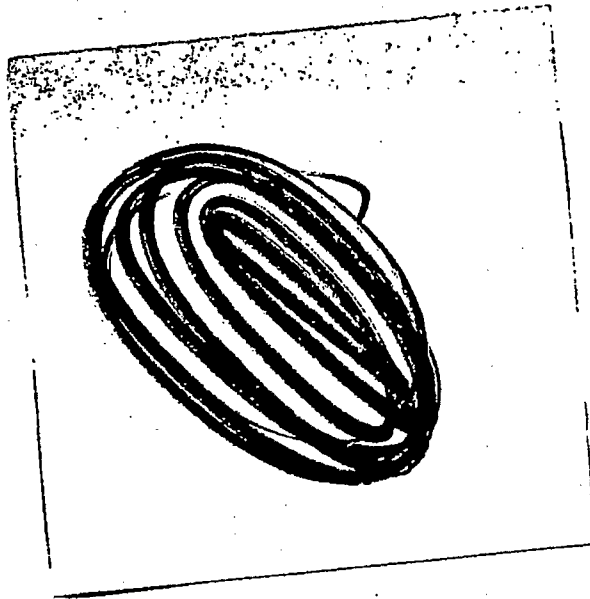
1.

Introduction.

EXHIBIT A-2

Near South Redevelopment Area

(see attached)



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[Figure 1 (which constitutes Exhibit "D" to the ordinance) referred to in this Tax Increment Financing Redevelopment Project and Plan printed on page 54931 of this Journal.]

[Figures 2, 3, 4A and 4B referred to in this Tax Increment Financing Redevelopment Project and Plan printed on pages 54932 through 54935 of this Journal.]

Exhibit "B".

A tract of land comprised of a part of each of Sections 15, 16, 21 and 22, all in Township 39 North, Range 14 East of the Third Principal Meridian in the City of Chicago, Cook County, Illinois, which tract of land is bounded and described as follows:

beginning at the intersection of the west line of South Michigan Avenue with the north line of East 11th Street being also the southeast corner of Block 20 in the Fractional Section 15 Addition to Chicago and running; thence east along the eastward extension of said north line of East 11th Street, a distance of 130.00 feet, more or less, to the east line of South Michigan Avenue as improved and occupied; thence north along said east line of South Michigan Avenue to an intersection with the eastward extension of the north line of East 8th Street; thence west along said eastward extension and along the north line of East 8th Street to an intersection with the east line of South Wabash Avenue; thence north along said east line of South Wabash Avenue to an intersection with the south line of East Balbo Avenue; thence east along said south line of East Balbo Avenue and along the eastward extension thereof to an intersection with said east line of South Michigan Avenue; thence north along the east line of South Michigan Avenue and along the northward extension of said east line to an intersection with the eastward extension of the north line of East Congress Parkway; thence west along said eastward extension and along the north line of said East Congress Parkway to the intersection with the east line of South State Street; thence west along a straight line to an intersection with the west line of South State Street and the north line of West Congress Parkway; thence west along the north line of West Congress Parkway to an intersection with the northward extension of the west line of South Plymouth Court; thence south along said northward extension and along the west line of South Plymouth Court to an intersection with the westward extension

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of the south line of Lot 8 in C.L. & I. Harmon's Subdivision of Block 137 of School Section Addition to Chicago in Section 16, aforesaid; thence east along said westward extension and along the south line of said Lot 8 to an intersection with the west line of the public alley, 12 feet wide, as opened by the City Council Proceedings in said Block 137; thence south along the west line of said public alley and the southward extension thereof to an intersection with the south line of West Harrison Street; thence east along the south line of West Harrison Street to an intersection with the west line of South State Street, said intersection being also the northeast corner of Lot 1 in the subdivision of Block 136 of said School Section Addition to Chicago in Section 16; thence south along said west line of South State Street to an intersection with the westward extension of the south line of Sublot 2 of Lot 3 in Block 15 in Canal Trustees Subdivision of lots in Fractional Section 15 Addition to Chicago; thence east along said westward extension and along said south line of Sublot 2 to an intersection with the west line of the strip of land, 30 feet wide, which runs north and south through said Block 15; thence south along said west line of the strip of land, 30 feet wide, to an intersection with the north line of East 8th Street; thence west along the north line of East 8th Street and along the westward extension thereof to an intersection with the west line of South State Street; thence south along the west line of South State Street to an intersection with the westward extension of the south line of East 21st Street; thence east along said westward extension and along said south line of East 21st Street to the northwest corner of Lot 1 in Block 28 in Curley's Subdivision of Block 28 of the Assessor's Division of the southwest fractional quarter of said Section 22; thence south along the west line of said Lot 1 and the west line of Lot 2 in said Block 28 in Curley's Subdivision to the northwest corner of the south 25 feet of said Lot 2; thence east along the north line and the north line extended east of said south 25 feet of Lot 2 to the east line of South Wabash Avenue (said east line of South Wabash Avenue being the west line of Block 27 in Curley's Subdivision, aforesaid); thence north along said east line of South Wabash Avenue to the north line of the south 30 feet of Lot 19 in said Block 27; thence east along the north line and the north line extended east of said south 30 feet of Lot 19 to the centerline of the north and south public alley, 12 feet wide, lying east of and adjoining said Lot 19; thence south along said north and south centerline to the centerline extended west of the east and west 25.8 foot wide public alley; thence east along said westward extension and along said centerline of the east and west 25.8 foot wide public alley, and also along the eastward extension thereof, to the west line of Lot 5 in said Block 27; thence south along said west line of Lot 5 to the northwest corner of Lot 6 in said Block 27; thence east along the north line of Lot 6 in said Block 27 and along said north line extended east to the east line of South Michigan Avenue (said east line of South Michigan Avenue being also the west line of Block 26 in said Curley's Subdivision); thence south along the east line of South Michigan Avenue to the north line of the south 25 feet of Lot 12 in said Block 26; thence east along the north line and said

north line extended east of the south 25 feet of Lot 12 to the centerline of the north and south public alley, 18 feet wide, in said Block 26; thence north along said centerline to the westward extension of the north line of Lot 3 in said Block 26; thence east along said westward extension and along the north line of said Lot 3 and also along the eastward extension thereof, to the east line of South Indiana Avenue (said east line of South Indiana Avenue being also the west line of Block 25 in said Curley's Subdivision); thence north along said east line of South Indiana Avenue to the north line of the south 10 feet of Lot 17 in Block 25 in said Curley's Subdivision; thence east along said north line of the south 10 feet of Lot 17 and along the eastward extension thereof to the east line of the north and south public alley, 18 feet wide, in said Block 25; thence south along said east line to the north line of the south 24.8 feet of Lot 3 in said Block 25; thence east along said north line of the south 24.8 feet of Lot 3 and along the eastward extension thereof to the east line of South Prairie Avenue (said east line of South Prairie Avenue being the west line of Block 24 in Curley's Subdivision, aforesaid); thence north along said east line of South Prairie Avenue to the south line of East 21st Street; thence east along the south line of East 21st Street and along the eastward extension thereof to an intersection with the east line of South Calumet Avenue; thence north along said east line of South Calumet Avenue to an intersection with the original westerly right-of-way line of the Illinois Central Railroad; thence northwardly along said westerly right-of-way line to the northeast corner of Lot 1 in E. L. Sherman's Subdivision of Lots 4, 5 and 6 in Block 1 of Clarke's Addition to Chicago, in the southwest fractional quarter of Section 22, aforesaid; thence west along the north line of said Lot 1, and along said north line extended west, a distance of 186.00 feet, more or less, to the west line of South Prairie Avenue; thence north along said west line of South Prairie Avenue, a distance of 84.00 feet, more or less, to the southeast corner of Lot 5 in Assessor's Division of Lots 1, 2 and 3 in Block 1 of Clarke's Addition to Chicago, aforesaid; thence west along the south line of said Lot 5 a distance of 177 feet, more or less, to the point of intersection with a line which is the east line of a 20.00 foot wide alley; thence north along said east line of said alley, a distance of 92.00 feet, more or less, to the south line of East 16th Street; thence west along the south line of East 16th Street, a distance of 263.00 feet, more or less, to the west line of South Indiana Avenue; thence north along said west line of South Indiana Avenue, a distance of 1,407.00 feet, more or less, to the south line of East 14th Street; thence west along said south line of East 14th Street, a distance of 441.00 feet, more or less, to the west line of South Michigan Avenue; thence north along said west line of South Michigan Avenue, a distance of 1,459.00 feet, more or less, to an intersection with the north line of the south 10.00 feet of Sublot 1 of Lot 12 in Block 21 in Canal Trustee's Subdivision of lots in Fractional Section 15 Addition to Chicago; thence west along said north line of the south 10.00 feet of Sublot 1, a distance of 171.00 feet, more or less, to the east line of the public alley, 20.00 feet wide, in said Block 21; thence north along said east line, a distance of 350.00 feet, more or less, to the

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south line of Original Lot 1 in Block 21 in the Fractional Section 15 Addition to Chicago; thence east along said south line, a distance of 171.00 feet, more or less, to the west line of South Michigan Avenue; thence north along said west line and the northward extension thereof, a distance of 146.00 feet, more or less, to the point of beginning.

Chicago Guarantee Survey Company, an Illinois corporation licensed as an Illinois Professional Land Surveyor, hereby certifies that the legal description attached hereto correctly describes the boundaries of the tract of land to be included in the Amended Central Station Area Tax Increment Redevelopment Project, in Chicago, Illinois.

Chicago Guarantee Survey Company

By: (Signed) Gregory J. Han

[Seal]

Chicago Guarantee Survey Company
Professional Land Surveyor Corporation No. 1
State of Illinois

Exhibit "C".

Street Location.

The boundaries of the proposed Near South T.I.F. District are generally described as South Lake Shore Drive, between East Roosevelt Road extended and the northern boundary of McCormick Place II on the east; the northern boundary of McCormick Place II, between South Lake Shore Drive and South Calumet Avenue on the south; South Calumet Avenue, between East Cullerton Street and East 21st Street on the east; East 21st Street, between South Calumet Avenue and South State Street on the south; South State Street, between 21st Street and Congress Parkway on the west; East Congress Parkway, between South State Street and South Michigan Avenue on the north; South Michigan Avenue, between East Congress Parkway and East Roosevelt Road on the east; and East Roosevelt Road, between South Michigan Avenue and South Lake Shore Drive on the north.

EXHIBIT B

PROPERTY

LEGAL DESCRIPTION

Parcel 1:

Lot 3 in Geiger's Subdivision being a subdivision of part of Fractional Section 22, Township 39 North, Range 14, East of the Third Principal Meridian, according to the Plat thereof recorded March 31, 2004 as document number 0409119118 in Cook County, Illinois. Containing 48,149 square feet, more or less.

Parcel 2:

Temporary Construction Easement for the benefit of Parcel 1 as created by Temporary Construction Easement Agreement dated September 30, 2003 recorded May 21, 2004 as document number 0414218091. Containing 9,248 square feet, more or less.

PERMANENT INDEX NUMBERS: 17-22-102-009,
17-22-102-010,
17-22-102-011,
17-22-102-012,
17-22-102-013,
17-22-102-014,
17-22-102-015,
17-22-102-016,
17-22-102-017,
part of 17-22-102-019, and
part of 17-22-102-020.

ADDRESSES COMMONLY KNOWN AS: 1255-59 South Michigan Avenue
Chicago, Illinois 60605

EXHIBIT C

TIF-Funded Improvements

(see attached)

Note: Notwithstanding the above total of TIF-Funded Improvements, the assistance to be provided by the City is limited to an amount not to exceed \$14,000,000 or 11.5% of the actual total Project costs.

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.

EXHIBIT C**TIF-Funded Improvements**

Costs of Studies, Surveys, and Plans	\$ 400,000
Property Assembly Costs and Site Prep	\$ 8,060,000*
Construction of Affordable Housing Units	\$ 12,829,500
Total TIF-Funded Improvements	\$ 21,289,500 **

* Only \$4,000,000 of this amount may be used to value the Note at closing, the remaining \$4,060,000 may only be used if, at project completion, the Developer has not reached \$14,000,000 in TIF-Eligible costs.

** In no event shall the City reimburse the Developer in excess of the lesser of (a) \$14,000,000, or (b) Eleven and one-half percent (11.5%) of the Project Costs, as set out in the final Project Budget.

EXHIBIT G

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.

2. Liens or encumbrances against the Developer or the Project, other than liens against the Property, if any: None, except in connection with the Lender Financing.

EXHIBIT H-1

Project Budget

(see attached)

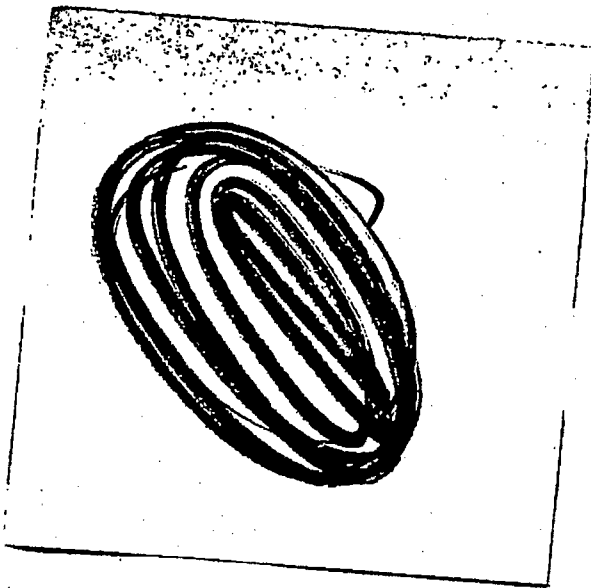


EXHIBIT H-1**Project Budget**

<u>Acquisition</u>	\$ 8,000,000
Land	\$ 60,000
Air Rights	\$ 8,060,000
Total Acquisition Costs	
<u>Hard Costs</u>	
Building Construction (Tower)	\$63,500,000
Building Construction (Senior Building)	\$12,959,000
Parking Garage	\$ 8,501,000
Contingency	\$ 4,377,000
Miscellaneous Costs	\$ 2,575,000
Total Hard Costs	\$91,912,000
<u>Soft Costs</u>	
Professional Services	\$ 3,927,000
Title, Taxes, Insurance	\$ 720,000
Financing Costs	\$ 9,598,000
Marketing & Leasing	\$ 350,000
Developer's Fee	\$ 3,000,000
Rent-Up Reserve	\$ 4,481,000
Total Soft Costs	\$22,076,000
Total Project Costs	\$122,048,000

EXHIBIT H-2

MBE/WBE Budget

(see attached)

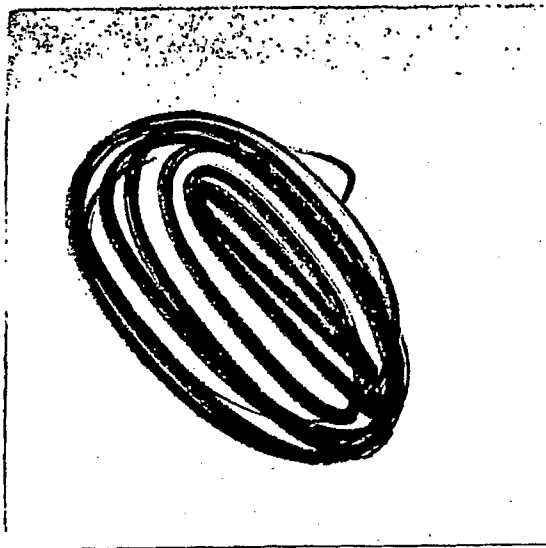


EXHIBIT H-2**MBE/WBE Project Budget**Hard Costs

Building Construction (Tower)	\$48,142,343
Building Construction (Senior Building)	\$ 9,628,461
Parking Garage	<u>\$ 6,418,933</u>
Total Hard Costs	\$64,189,737

MBE/WBE Project Budget \$64,189,737*

MBE Total $\$64,189,737 * 25\% = \$16,047,434$

WBE Total $\$64,189,737 * 5\% = \$ 3,209,486$

*The above MBE/WBE dollar value is an estimate. If the actual cost of the above applicable MBE/WBE activities increases or decreases, the associated MBE/WBE dollar value will increase or decrease accordingly.

EXHIBIT M

Form of Note

REGISTERED

M A X I M U M

NO. R-1

AMOUNT

\$14,000,000

UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF COOK
CITY OF CHICAGO
TAX INCREMENT ALLOCATION REVENUE NOTE (NEAR SOUTH
REDEVELOPMENT PROJECT), TAXABLE SERIES A

Registered Owner: Forest City Central Station, Inc.

Interest Rate: A variable rate, not to exceed 9% per annum, with the exact rate to be determined pursuant to Section 4.03(b)(iv) and Section 4.03(b)(v) of the hereinafter defined Redevelopment Agreement

Maturity Date: December 31, 2014

KNOW ALL PERSONS BY THESE PRESENTS, that the City of Chicago, Cook County, Illinois (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on or before the Maturity Date identified above, but solely from the sources hereinafter identified, the principal amount of this Note from time to time advanced by the Registered Owner, FC Central Station Residential, LLC, or FC Central Station Senior, LLC to pay costs of the Project (as hereafter defined) in accordance with the ordinance hereinafter referred to up to the principal amount of \$14,000,000 and to pay the Registered Owner interest on that amount at the Interest Rate per year specified above from the date of the advance. Interest shall be computed on the basis of a 360-day year and the actual number of days elapsed within any portion of a month in which interest is due, Interest shall be computed as set forth in that certain Promissory Note dated as of July 14, 2004 from the Registered Owner, FC Central Station Residential, LLC, and FC Central Station Senior, LLC to

LaSalle Bank National Association in the principal amount of \$18,000,000 (a copy of which such Promissory Note is attached hereto as Exhibit 1), subject to Section 4.03(b)(iv) and Section 4.03(b)(v) of that certain FC Central Station Redevelopment Agreement dated as of July 14, 2004 among the City, the Registered Owner, FC Central Station Residential, LLC, and FC Central Station Senior, LLC (the "Redevelopment Agreement"). Accrued but unpaid interest on this Note shall also accrue at the interest rate per year specified above until paid. Principal of and interest on this Note from the Incremental Taxes (as defined in the hereinafter defined Redevelopment Agreement) is due February 1 of each year until the earlier of Maturity or until this Note is paid in full. Payments shall first be applied to interest. The principal of and interest on this Note are payable in lawful money of the United States of America, and shall be made to the Registered Owner hereof as shown on the registration books of the City maintained by the Comptroller of the City, as registrar and paying agent (the "Registrar"), at the close of business on the fifteenth day of the month immediately prior to the applicable payment, maturity or redemption date, and shall be paid by check or draft of the Registrar, payable in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Registrar; provided, that the final installment of principal and accrued but unpaid interest will be payable solely upon presentation of this Note at the principal office of the Registrar in Chicago, Illinois or as otherwise directed by the City. The Registered Owner of this Note shall note on the Payment Record attached hereto the amount and the date of any payment of the principal of this Note promptly upon receipt of such payment.

This Note is issued by the City in the principal amount of advances made from time to time by the Registered Owner up to \$14,000,000 for the purpose of paying the costs of certain eligible redevelopment project costs incurred by the Registered Owner (the "Project"), which were acquired

constructed and installed in connection with the development of an approximately 87,000 square foot residential building, an approximately 515,000 square foot residential building and an approximately 172,000 square foot parking garage in the Near South Redevelopment Project Area (the "Project Area") in the City, all in accordance with the Constitution and the laws of the State of Illinois, and particularly the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.) (the "TIF Act"), the Local Government Debt Reform Act (30 ILCS 350/1 et seq.) and an Ordinance adopted by the City Council of the City on June 23, 2004 (the "Ordinance"), in all respects as by law required.

The City has assigned and pledged certain rights, title and interest of the City in and to certain incremental ad valorem tax revenues from the Project Area which the City is entitled to receive pursuant to the TIF Act and the Ordinance, in order to pay the principal and interest of this Note. Reference is hereby made to the aforesaid Ordinance and the Redevelopment Agreement for a description, among others, with respect to the determination, custody and application of said revenues, the nature and extent of such security with respect to this Note and the terms and conditions under which this Note is issued and secured. **THIS NOTE IS A SPECIAL LIMITED OBLIGATION OF THE CITY, AND IS PAYABLE SOLELY FROM INCREMENTAL TAXES, AND SHALL BE A VALID CLAIM OF THE REGISTERED OWNER HEREOF ONLY AGAINST SAID SOURCES. THIS NOTE SHALL NOT BE DEEMED TO CONSTITUTE AN INDEBTEDNESS OR A LOAN AGAINST THE GENERAL TAXING POWERS OR CREDIT OF THE CITY, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION. THE REGISTERED OWNER OF THIS NOTE SHALL NOT HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE CITY, THE STATE OF ILLINOIS OR ANY POLITICAL**

SUBDIVISION THEREOF TO PAY THE PRINCIPAL OR INTEREST OF THIS NOTE.

The principal of this Note is subject to redemption on any date, as a whole or in part, at a redemption price of 100% of the principal amount thereof being redeemed, plus accrued interest thereon. There shall be no prepayment penalty. Notice of any such redemption shall be sent by registered or certified mail not less than five (5) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of this Note at the address shown on the registration books of the City maintained by the Registrar or at such other address as is furnished in writing by such Registered Owner to the Registrar.

This Note is issued in fully registered form in the denomination of its outstanding principal amount. This Note may not be exchanged for a like aggregate principal amount of notes or other denominations.

This Note is transferable by the Registered Owner hereof in person or by its attorney duly authorized in writing at the principal office of the Registrar in Chicago, Illinois, but only in the manner and subject to the limitations provided in the Ordinance, and upon surrender and cancellation of this Note. Upon such transfer, a new Note of authorized denomination of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Registrar shall not be required to transfer this Note during the period beginning at the close of business on the fifteenth day of the month immediately prior to the maturity date of this Note nor to transfer this Note after notice calling this Note or a portion hereof for redemption has been mailed, nor during a period of five (5) days next preceding mailing of a notice of redemption of this Note. Such transfer shall be in accordance with the form at the end of this Note.

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

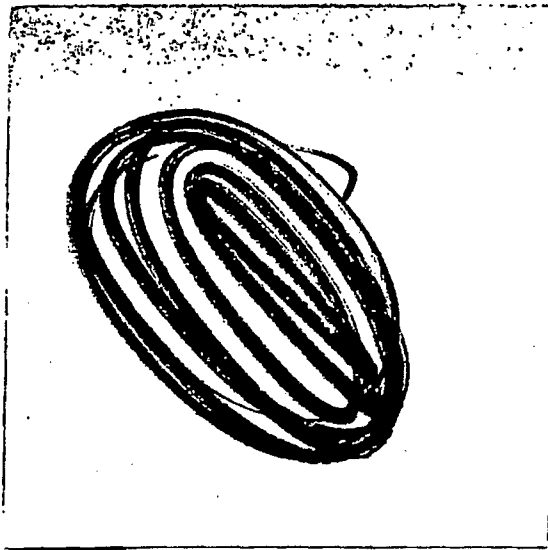
Pursuant to the Redevelopment Agreement, the Registered Owner, FC Central Station Residential, LLC, and FC Central Station Senior, LLC have agreed to acquire and construct the Project and to advance funds for the construction of certain facilities related to the Project on behalf of the City. The cost of such acquisition and construction in the amount of \$14,000,000 shall be deemed to be a disbursement of the proceeds of this Note.

Pursuant to Section 15.02 of the Redevelopment Agreement, the City has reserved the right to suspend payments of principal and of interest on this Note upon the occurrence of certain conditions. The City shall not be obligated to make payments under this Note if an Event of Default (as defined in the Redevelopment Agreement), or condition or event that with notice or the passage of time or both would constitute an Event of Default, has occurred. Such rights shall survive any transfer of this Note. The City and the Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and for all other purposes and neither the City nor the Registrar shall be affected by any notice to the contrary, unless transferred in accordance with the provisions hereof.

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

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

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]



IN WITNESS WHEREOF, the City of Chicago, Cook County, Illinois, by its City Council, has caused its official seal to be imprinted by facsimile hereon or hereunto affixed, and has caused this Note to be signed by the duly authorized signature of the Mayor and attested by the duly authorized signature of the City Clerk of the City, all as of July 14, 2004.

Mayor

(SEAL)

Attest: _____

City Clerk

**CERTIFICATE
OF
AUTHENTICATION**

This Note is described in the within mentioned Ordinance and is the Tax Increment Allocation Revenue Note (Near South Redevelopment Project), Taxable Series A, of the City of Chicago, Cook County, Illinois.

Registrar
and Paying Agent
Comptroller of the
City of Chicago,
Cook County, Illinois

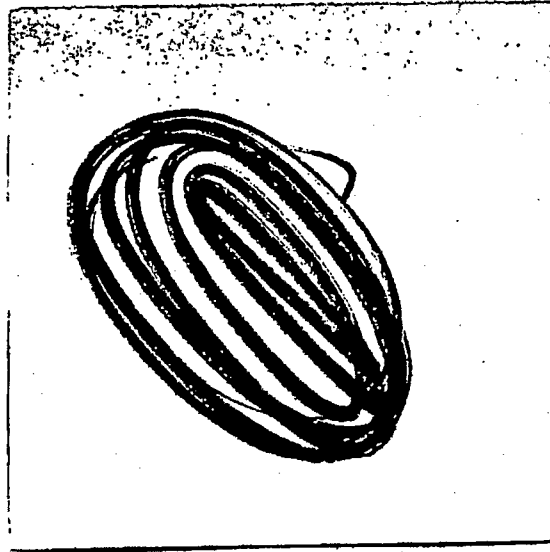
City Comptroller

Date: _____

Exhibit 1

Copy of Promissory Note

(see attached)



PROMISSORY NOTE

\$18,000,000

July ~~14~~, 2004
Chicago, Illinois

1. **Agreement to Pay.** FOR VALUE RECEIVED, FC CENTRAL STATION RESIDENTIAL, LLC, an Illinois limited liability company ("**Multi-Family Building Developer**"), FC CENTRAL STATION SENIOR, LLC, an Illinois limited liability company ("**Senior Building Developer**"), and FOREST CITY CENTRAL STATION, INC., an Ohio corporation ("**Owner**"; Owner, Multi-Family Building Developer and Senior Building Developer are hereinafter referred to together as the "**Borrower**"), hereby jointly and severally promise to pay to the order of LASALLE BANK NATIONAL ASSOCIATION, a national banking association, its successors and assigns ("**Lender**"), the principal sum of Eighteen Million and No/100 Dollars (\$18,000,000) ("**Loan**"), or so much thereof as may be advanced pursuant to that certain Bridge Loan Agreement of even date herewith between Borrower and Lender ("**Loan Agreement**"; capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Loan Agreement), at the place and in the manner hereinafter provided, together with interest thereon at the rate or rates described below, and any and all other amounts which may be due and payable hereunder from time to time.

2. **Interest Rate.**

2.1 **Interest Prior to Default.**

(a) Unless an optional interest rate is in effect, as described below, Interest shall accrue on the outstanding principal balance of this Note from the date hereof through July __, 2007, ("**Maturity Date**") at an annual rate equal to two percent (2.00%) plus the Prime Rate ("**Loan Rate**"), but in no event less than six percent (6.00%). Changes in the rate of interest to be charged hereunder based on the Prime Rate shall take effect immediately upon the occurrence of any change in the Prime Rate.

"**Prime Rate**" means the rate of interest most recently announced by Lender at Chicago, Illinois as its prime or base rate. A certificate made by an officer of Lender stating the Prime Rate in effect on any given day, for the purposes hereof, shall be conclusive evidence of the Prime Rate in effect on such day. The "**Prime Rate**" is a base reference rate of interest adopted by Lender as a general benchmark from which Lender determines the floating interest rates chargeable on various loans to borrowers with varying degrees of creditworthiness and Borrower acknowledges and agrees that Lender has made no representations whatsoever that the "**Prime Rate**" is the interest rate actually offered by Lender to borrowers of any particular creditworthiness.

(b) **Optional Interest Rates.** Borrower may elect the optional interest rate(s) described below for all or a portion of the Loan during the interest periods

described below. Any principal amount bearing interest at an optional rate under this Note is referred to as a "Portion".

(c) **LIBOR Rate.** Subject to the terms hereinafter set forth, Borrower may elect to have all or part of the outstanding principal balance of this Note bear interest at an annual rate equal to the LIBOR Rate plus four percent (4.00%) ("**Applicable Margin**"), but in no event less than six percent (6.00%). Designation of a LIBOR Rate Portion is subject to the following requirements:

(i) The LIBOR Rate will be in effect for interest periods up to ninety (90) days, or such other period as may be agreed to by Lender and Borrower. Borrower shall irrevocably request, in writing, a LIBOR Rate Portion no later than 2:00 p.m. Chicago time on the day on which the London Inter-Bank Offered Rate will be set, as specified below. If the first election for a LIBOR Rate Portion is made such that the interest period shall commence on any day other than the first Business Day of a month, then the initial interest period shall end on the last day of the month in which such election is made and the Portion for such partial month shall bear interest at a short term LIBOR Rate, plus the Applicable Margin, but in no event less than six percent (6.00%). In any event the first day of the interest period must be a day on which Lender is open for business in Chicago, Illinois (a "**Business Day**") and banks are open in London, England and dealing in offshore United States dollars. The last day of the interest period and the actual number of days during the interest period will be determined by Lender using the practices of the London inter-bank market.

(ii) Each LIBOR Rate Portion will be for an amount not less than \$500,000 and in increments in excess thereof of \$100,000. No more than 5 separate LIBOR Rate Portions may be outstanding at any time.

(iii) "**LIBOR Rate**" means the interest rate determined by the following formula, rounded upward to the nearest 1/100 of one percent (all amounts in the calculation will be determined by Lender as of the first day of the interest period):

$$\text{LIBOR} = \frac{\text{London Inter-Bank Offered Rate}}{(1.00 - \text{Reserve Percentage})}$$

Where,

- (1) "**London Inter-Bank Offered Rate**" means the rate per annum equal to the offered rate for deposits in U.S. dollars for the applicable interest period and for amounts comparable to the LIBOR Rate Portion published by Bloomberg's Financial Markets Commodities News at approximately 8:00 a.m. Chicago time two (2) Business Days before the commencement of the interest period

(or if not so published, Lender, in its sole discretion, shall designate another daily financial or governmental publication of national circulation to determine such rate); provided, however, that after the first election of an interest period with respect to any Portion, the London Inter-Bank Offered Rate shall be determined at approximately 8:00 a.m. Chicago time on the first Business Day of the month, provided that if the first Business Day of the month is not a Business Day, then on the next Business Day for each interest period thereafter with respect to such Portion.

(2) "Reserve Percentage" means the total of the maximum reserve percentages for determining the reserves to be maintained by member banks of the Federal Reserve System for Eurocurrency Liabilities, as defined in Federal Reserve Board Regulation D, rounded upward to the nearest 1/100 of one percent. The percentage will be expressed as a decimal, and will include, but not be limited to, marginal, emergency, supplemental, special, and other reserve percentages.

(iv) Each LIBOR Rate Portion elected by Borrower shall automatically renew for the same interest period at the then current LIBOR Rate plus the Applicable Margin, but in no event less than six percent (6.00%), unless Borrower shall otherwise irrevocably request, in writing, a different interest period or conversion of all or a portion of the LIBOR Rate Portion to the Loan Rate, no later than 2:00 p.m. Chicago time on the second (2nd) Business Day before the expiration of the existing interest period. Borrower may not elect a LIBOR Rate and an interest period for a LIBOR Rate Portion shall not automatically renew with respect to any principal amount which is scheduled to be repaid before the last day of the applicable interest period, and any such amounts shall bear interest at the Loan Rate, until repaid.

(v) Lender is not obligated to accept a deposit in the inter-bank market in order to charge interest on a LIBOR Rate Portion at the LIBOR Rate, once Borrower elects such rate.

(vi) Each prepayment of a LIBOR Rate Portion, whether voluntary, involuntary, by reason of acceleration or otherwise, will be accompanied by the amount of accrued interest on the amount prepaid and the "Make Whole Costs", as described below. A "prepayment" is a payment of an amount on a date earlier than the scheduled payment date for such amount as required by this Note. The "Make Whole Costs" shall be equal to all costs, expenses, penalties and charges incurred by Lender as a result of the early termination or breakage of a LIBOR Rate Portion plus any Additional Costs (hereinafter defined) and the amount (if any) by which:

(1) the additional interest which would have been payable during the interest period on the amount prepaid had it not been prepaid, exceeds

(2) the interest which would have been recoverable by Lender by placing the amount prepaid on deposit in the domestic certificate of deposit market, the eurodollar deposit market, or other appropriate money market selected by Lender, for a period starting on the date on which it was prepaid and ending on the last day of the interest period for such Portion (or the scheduled payment date for the amount prepaid, if earlier).

(vii) Each prepayment of a LIBOR Rate Portion, whether voluntary, involuntary, by reason of acceleration or otherwise, will be accompanied by the amount of accrued interest on the amount prepaid and any and all costs, expenses, penalties and charges incurred by Lender as a result of the early termination or breakage of a LIBOR Rate Portion.

(viii) Lender will have no obligation to accept an election for a LIBOR Rate Portion if any of the following described events has occurred and is continuing:

(1) Dollar deposits in the principal amount, and for periods equal to the interest period, of a LIBOR Rate Portion are not available in the London inter-bank market; or

(2) maintenance of a LIBOR Rate Portion would violate any applicable law, rule, regulation or directive, whether or not having the force of law; or

(3) the LIBOR Rate does not accurately reflect the cost of a LIBOR Rate Portion; or

(4) an Event of Default has occurred and is continuing or any event or circumstance exists which, with the giving of notice or passage of time, would constitute an Event of Default.

(ix) In addition, Borrower shall be responsible for paying any costs ("Additional Costs") actually incurred by Lender as a direct result of any change in Lender's cost of complying with any law, rule, regulation or other requirement imposed, interpreted or enforced by any federal, state or other governmental or monetary authority which is applicable to assets held by or deposits or accounts with or credits extended by Lender and which causes Lender to incur costs or increases the effective cost to Lender of lending to Borrower at the LIBOR Rate or decreases the effective spread or yield of four and one half percent (4.50%) per annum above the LIBOR Rate which would be made by Lender on a LIBOR Rate Portion.

2.2 Interest After Default. From and after the Maturity Date or upon the occurrence and during the continuance of an Event of Default, interest shall accrue on the balance of principal remaining unpaid during any such period at an annual rate ("Default Rate") equal to five percent (5%) plus the Loan Rate; provided, however, in no event shall the Default Rate exceed the maximum rate permitted by law. The interest accruing under this paragraph shall be immediately due and payable by Borrower to the holder of this Note upon demand and shall be additional indebtedness evidenced by this Note.

2.3 Interest Calculation. Interest on this Note shall be calculated on the basis of a 360-day year and the actual number of days elapsed in any portion of a month in which interest is due.

3. Payment Terms.

3.1 Principal and Interest. Payments of principal and interest due under this Note, if not sooner declared to be due in accordance with the provisions hereof, shall be made as follows:

(a) On the date the proceeds of the Loan are disbursed by Lender ("Closing Date"), interest on the principal balance of this Note accruing during the period commencing on the Closing Date and ending on the last day of the month in which the Closing Date occurs shall be due and payable.

(b) Commencing on September 1, 2004 and on the first Business Day of each month thereafter through and including the month in which the Maturity Date occurs, interest accrued on the portions of this Note bearing interest at the Loan Rate shall be due and payable. Interest on each LIBOR Rate Portion shall be paid in arrears on the first Business Day of each month. Interest accrued on any LIBOR Rate Portion as of the date of termination, breakage or other disposition shall be due and payable in full on the date of such termination, breakage or disposition.

(c) The unpaid principal balance of this Note, if not sooner paid or declared to be due in accordance with the terms hereof, together with all accrued and unpaid interest thereon and any other amounts due and payable hereunder or under any other Loan Document, shall be due and payable in full on the Maturity Date.

3.2 Application of Payments. Prior to the occurrence of an Event of Default, all payments and prepayments on account of the indebtedness evidenced by this Note shall be applied as follows: (a) first, to fees, expenses, costs and other similar amounts then due and payable to Lender, including, without limitation any prepayment premium, exit fee or late charges due hereunder, (b) second, to accrued and unpaid interest on the principal balance of this Note, (c) third, to the payment of principal due in the month in which the payment or prepayment is made, (d) fourth, to any escrows, impounds or other amounts which may then be due and payable under the Loan Documents (as hereinafter defined), (e) fifth, to any other amounts then due Lender hereunder or under any of the

Loan Documents, and (f) last, to the unpaid principal balance of this Note in the inverse order of maturity. Any prepayment on account of the indebtedness evidenced by this Note shall not extend or postpone the due date or reduce the amount of any subsequent monthly payment of principal and interest due hereunder. After an Event of Default has occurred and is continuing, payments may be applied by Lender to amounts owed hereunder and under the Loan Documents in such order as Lender shall determine, in its sole discretion.

3.3 Method of Payments. All payments of principal and interest hereunder shall be paid by automatic debit, wire transfer, check or in coin or currency which, at the time or times of payment, is the legal tender for public and private debts in the United States of America and shall be made at such place as Lender or the legal holder or holders of this Note may from time to time appoint in the payment invoice or otherwise in writing, and in the absence of such appointment, then at the offices of Lender at 135 South LaSalle Street, 12th Floor, Chicago, Illinois 60603. Payment made by check shall be deemed paid on the date Lender receives such check; provided, however, that if such check is subsequently returned to Lender unpaid due to insufficient funds or otherwise, the payment shall not be deemed to have been made and shall continue to bear interest until collected. Notwithstanding the foregoing, the final payment due under this Note must be made by wire transfer or other final funds. If requested by Borrower, Interest, principal payments and any fees and expenses owed Lender from time to time will be deducted by Lender automatically on the due date from Borrower's account with Lender, as designated in writing by Borrower. Borrower will maintain sufficient funds in the account on the dates Lender enters debits authorized by this Note. If there are insufficient funds in the account on the date Lender enters any debit authorized by this Note, the debit will be reversed. Borrower may terminate this direct debt arrangement at any time by sending written notice to Lender at the address specified above.

3.4 Late Charge. If any payment of interest or principal due hereunder is not made within five days after such payment is due in accordance with the terms hereof, then, in addition to the payment of the amount so due, Borrower shall pay to Lender a "late charge" of five cents for each whole dollar so overdue to defray part of the cost of collection and handling such late payment. Borrower agrees that the damages to be sustained by the holder hereof for the detriment caused by any late payment are extremely difficult and impractical to ascertain, and that the amount of five cents for each one dollar due is a reasonable estimate of such damages, does not constitute interest, and is not a penalty.

3.5 Prepayment. The portion of this Note bearing interest at the Loan Rate may be prepaid, either in whole or in part, without penalty or premium, at any time and from time to time upon fourteen (14) days prior notice to Lender. The portion of this Note bearing interest at the LIBOR Rate may be prepaid only on the last day of an interest period; provided, however, that Borrower may prepay a LIBOR Rate Portion prior to such day so long as such prepayment is accompanied by a simultaneous payment of the Make Whole Costs described in paragraph 2.1(c) above, plus accrued interest on the LIBOR Rate Portion being prepaid through the date of prepayment.

4. **Security.** This Note is secured, inter alia, by (i) a Collateral Assignment of Membership Interests of even date herewith made by FC Central Station Properties, LLC, an Illinois limited liability company in favor of Lender (as amended from time to time "Assignment of Membership Interests"), collaterally assigning the membership interests of Borrower to Lender, (ii) a Collateral Assignment of Redevelopment Agreement, made by Borrower in favor of Lender, collaterally assigning Borrower's right, title and interest in and to the Redevelopment Agreement to Lender (the "Assignment of Redevelopment Agreement"), (iii) a Collateral Assignment and Security Agreement (City Note) collaterally assigning Borrower's right, title and interest in and to the City Note to Lender (the "Assignment of TIF Note") and (iv) certain additional collateral as more particularly described in the Loan Agreement (the Loan Agreement, this Note, the Assignment of Redevelopment Agreement, the Assignment of Membership Interests, the Assignment of TIF Note and all of the other documents and instruments evidencing, securing or otherwise executed in connection with the Loan, as amended from time to time are hereinafter collectively referred to as the "Loan Documents"). Reference is hereby made to the Loan Documents (which are incorporated herein by reference as fully and with the same effect as if set forth herein at length) for a statement of the covenants and agreements contained therein, a statement of the rights, remedies, and security afforded thereby, and all matters therein contained.

5. **Events of Default.** The occurrence of any one or more of the following events shall constitute an "Event of Default" under this Note:

5.1 the failure by Borrower to pay (i) any installment of principal or interest payable pursuant to this Note within five (5) days after the date when due, or (ii) any other amount payable to Lender under this Note, the Loan Agreement or any of the other Loan Documents within five (5) days after the date when any such payment is due in accordance with the terms hereof or thereof; or

5.2 the occurrence of any "Event of Default" under the Loan Agreement or any of the other Loan Documents; or

5.3 the occurrence of the dissolution, insolvency, winding-up, death or legal incompetency, as applicable, of any guarantor of this Note.

6. **Remedies.** At the election of the holder hereof, and without notice, the principal balance remaining unpaid under this Note, and all unpaid interest accrued thereon and any other amounts due hereunder, shall be and become immediately due and payable in full upon the occurrence of any Event of Default. Failure to exercise this option shall not constitute a waiver of the right to exercise same in the event of any subsequent Event of Default. No holder hereof shall, by any act of omission or commission, be deemed to waive any of its rights, remedies or powers hereunder or otherwise unless such waiver is in writing and signed by the holder hereof, and then only to the extent specifically set forth therein. The rights, remedies and powers of the holder hereof, as provided in this Note, the Loan Agreement and in all of the other Loan Documents are cumulative and concurrent, and may be pursued singly, successively or together against Borrower, the Guarantors hereof, the Collateral and any other security given at any time to secure the repayment hereof, all at the sole discretion of the holder hereof. If any suit or action is instituted or attorneys are employed to collect this Note or any part hereof, Borrower

promises and agrees to pay all costs of collection, including reasonable attorneys' fees and court costs.

7. **Covenants and Waivers.** Borrower and all others who now or may at any time become liable for all or any part of the obligations evidenced hereby, expressly agree hereby to be jointly and severally bound, and jointly and severally: (i) waive and renounce any and all homestead, redemption and exemption rights and the benefit of all valuation and appraisal privileges against the indebtedness evidenced by this Note or by any extension or renewal hereof; (ii) waive presentment and demand for payment, notices of nonpayment and of dishonor, protest of dishonor, and notice of protest; (iii) except as expressly provided in the Loan Documents, waive any and all notices in connection with the delivery and acceptance hereof and all other notices in connection with the performance, default, or enforcement of the payment hereof or hereunder; (iv) waive any and all lack of diligence and delays in the enforcement of the payment hereof; (v) agree that the liability of each Borrower, guarantor, endorser or obligor shall be unconditional and without regard to the liability of any other person or entity for the payment hereof, and shall not in any manner be affected by any indulgence or forbearance granted or consented to by Lender to any of them with respect hereto; (vi) consent to any and all extensions of time, renewals, waivers, or modifications that may be granted by Lender with respect to the payment or other provisions hereof, and to the release of any security at any time given for the payment hereof, or any part thereof, with or without substitution, and to the release of any person or entity liable for the payment hereof; and (vii) consent to the addition of any and all other makers, endorsers, guarantors, and other obligors for the payment hereof, and to the acceptance of any and all other security for the payment hereof, and agree that the addition of any such makers, endorsers, guarantors or other obligors, or security shall not affect the liability of Borrower, any guarantor and all others now liable for all or any part of the obligations evidenced hereby. This provision is a material inducement for Lender making the Loan to Borrower.

8. **Extension.** Borrower shall have the right to extend the Maturity Date for one (1) twelve (12) month period as provided in the Loan Agreement, provided that Borrower complies with all conditions precedent set forth in Section 3.4 of the Loan Agreement at the time of such election and pays any reasonable, out of pocket third-party expenses incurred by Lender in connection with such extension. If the Maturity Date is extended, all of the terms and conditions of this note, the Loan Agreement and the other Loan Documents shall continue to apply, except that Borrower shall have no further option to extend the Maturity Date beyond July __, 2008.

9. **Other General Agreements.**

9.1 The Loan is a business loan which comes within the purview of Section 205/4, paragraph (1)(c) of Chapter 815 of the Illinois Compiled Statutes, as amended. Borrower agrees that the Loan evidenced by this Note is an exempted transaction under the Truth In Lending Act, 15 U.S.C., Section 1601, et seq.

9.2 Time is of the essence hereof.

9.3 This Note is governed and controlled as to validity, enforcement, interpretation, construction, effect and in all other respects by the statutes, laws and decisions of the State of Illinois. This Note may not be changed or amended orally but

only by an instrument in writing signed by the party against whom enforcement of the change or amendment is sought.

9.4 Lender shall not be construed for any purpose to be a partner, joint venturer, agent or associate of Borrower or of any lessee, operator, concessionaire or licensee of Borrower in the conduct of its business, and by the execution of this Note, Borrower agrees to indemnify, defend, and hold Lender harmless from and against any and all damages, costs, expenses and liability that may be incurred by Lender as a result of a claim that Lender is such partner, joint venturer, agent or associate.

9.5 This Note has been made and delivered at Chicago, Illinois and all funds disbursed to or for the benefit of Borrower will be disbursed in Chicago, Illinois.

9.6 If this Note is executed by more than one party, the obligations and liabilities of each Borrower under this Note shall be joint and several and shall be binding upon and enforceable against each Borrower and their respective successors and assigns. This Note shall inure to the benefit of and may be enforced by Lender and its successors and assigns.

9.7 If any provision of this Note is deemed to be invalid by reason of the operation of law, or by reason of the interpretation placed thereon by any administrative agency or any court, Borrower and Lender shall negotiate an equitable adjustment in the provisions of the same in order to effect, to the maximum extent permitted by law, the purpose of this and the validity and enforceability of the remaining provisions, or portions or applications thereof, shall not be affected thereby and shall remain in full force and effect.

9.8 If the interest provisions herein or in any of the Loan Documents shall result, at any time during the Loan, in an effective rate of interest which, for any month, exceeds the limit of usury or other laws applicable to the Loan, all sums in excess of those lawfully collectible as interest of the period in question shall, without further agreement or notice between or by any party hereto, be applied upon principal immediately upon receipt of such monies by Lender, with the same force and effect as though the payer has specifically designated such extra sums to be so applied to principal and Lender had agreed to accept such extra payment(s) as a premium-free prepayment. Notwithstanding the foregoing, however, Lender may at any time and from time to time elect by notice in writing to Borrower to reduce or limit the collection to such sums which, when added to the said first-stated interest, shall not result in any payments toward principal in accordance with the requirements of the preceding sentence. In no event shall any agreed to or actual exaction as consideration for this Loan transcend the limits imposed or provided by the law applicable to this transaction or the makers hereof in the jurisdiction in which the Collateral is located for the use or detention of money or for forbearance in seeking its collection.

9.9 Lender may at any time assign its rights in this Note and the Loan Documents, or any part thereof and transfer its rights in any or all of the collateral, and Lender thereafter shall be relieved from all liability with respect to such collateral. In

addition, Lender may at any time sell one or more participations in the Note. Borrower may not assign its interest in this Note, or any other agreement with Lender or any portion thereof, either voluntarily or by operation of law, without the prior written consent of Lender.

10. **Notices.** All notices required under this Note will be in writing and will be transmitted in the manner and to the addresses or facsimile numbers required by the Loan Agreement or to such other addresses or facsimile numbers as Lender and Borrower may specify from time to time in writing.

11. **Customer Identification - USA Patriot Act Notice; OFAC and Bank Secrecy Act.** Lender hereby notifies Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56, signed into law October 26, 2001) (the "Act"), and Lender's policies and practices, Lender is required to obtain, verify and record certain information and documentation that identifies Borrower, which information includes the name and address of Borrower and such other information that will allow Lender to identify Borrower in accordance with the Act. In addition, Borrower shall (a) ensure that no person who owns a controlling interest in or otherwise controls Borrower or any subsidiary of Borrower is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control ("OFAC"), the Department of the Treasury or included in any Executive Orders, (b) not use or permit the use of the proceeds of the Loan to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto, and (c) comply, and cause any of its subsidiaries to comply, with all applicable Bank Secrecy Act ("BSA") laws and regulations, as amended.

12. **Consent to Jurisdiction.** TO INDUCE LENDER TO ACCEPT THIS NOTE, BORROWER IRREVOCABLY AGREES THAT, SUBJECT TO LENDER'S SOLE AND ABSOLUTE ELECTION, ALL ACTIONS OR PROCEEDINGS IN ANY WAY ARISING OUT OF OR RELATED TO THIS NOTE WILL BE LITIGATED IN COURTS HAVING SITUS IN CHICAGO, ILLINOIS. BORROWER HEREBY CONSENTS AND SUBMITS TO THE JURISDICTION OF ANY COURT LOCATED WITHIN CHICAGO, ILLINOIS, WAIVES PERSONAL SERVICE OF PROCESS UPON BORROWER, AND AGREES THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY REGISTERED MAIL DIRECTED TO BORROWER AT THE ADDRESS STATED IN THE LOAN AGREEMENT AND SERVICE SO MADE WILL BE DEEMED TO BE COMPLETED UPON ACTUAL RECEIPT.

13. **Waiver of Jury Trial.** BORROWER AND LENDER (BY ACCEPTANCE OF THIS NOTE), HAVING BEEN REPRESENTED BY COUNSEL, EACH KNOWINGLY AND VOLUNTARILY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS (a) UNDER THIS NOTE OR ANY RELATED AGREEMENT OR UNDER ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION WITH THIS NOTE OR (b) ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH THIS NOTE, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING WILL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

BORROWER AGREES THAT IT WILL NOT ASSERT ANY CLAIM AGAINST LENDER ON ANY THEORY OF LIABILITY FOR SPECIAL, INDIRECT, CONSEQUENTIAL, INCIDENTAL OR PUNITIVE DAMAGES.

[the remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, Borrower has executed and delivered this Note as of the day and year first written above.

FC CENTRAL STATION RESIDENTIAL, LLC,
an Illinois limited liability company

By: FC Central Station Properties, LLC,
an Illinois limited liability company
and Sole Member

By: Forest City Equity Services, Inc., an
Ohio corporation and its Managing
Member

By: _____
Edward Pelavin
Executive Vice President

FC CENTRAL STATION SENIOR, LLC, an
Illinois limited liability company

By: FC Central Station Properties, LLC,
an Illinois limited liability company
and Sole Member

By: Forest City Equity Services, Inc., an
Ohio corporation and its Managing
Member

By: _____
Edward Pelavin
Executive Vice President

FOREST CITY CENTRAL STATION, INC., an
Ohio corporation

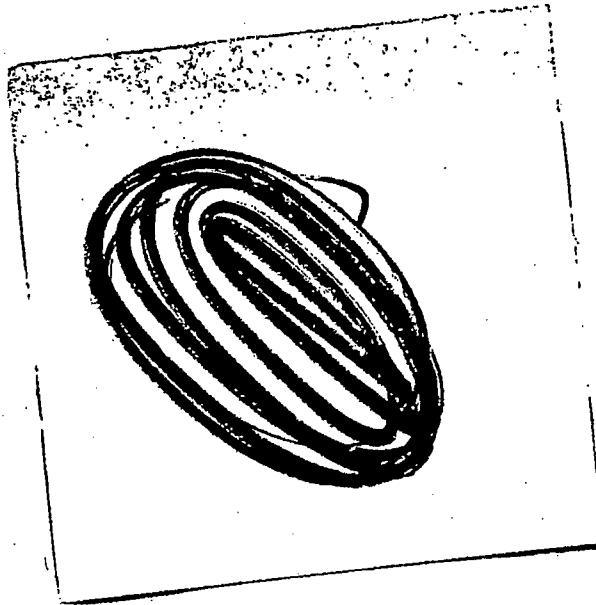
By: _____
Name: Ed Pelavin
Title: Vice President

PRINCIPAL PAYMENT RECORD

DATE OF PAYMENT

PRINCIPAL PAYMENT

PRINCIPAL BALANCE DUE



(ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto the within Note and does hereby irrevocably constitute and appoint attorney to transfer the said Note on the books kept for registration thereof with full power of substitution in the premises.

Dated:

Registered Owner

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the Note in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

Notice: Signature(s) must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company.

Consented to by:

CITY OF CHICAGO
DEPARTMENT OF PLANNING AND DEVELOPMENT

BY: _____

ITS: _____

CERTIFICATION OF EXPENDITURE

_____, 200_

To: Registered Owner

Re: City of Chicago, Cook County, Illinois (the "City")
\$14,000,000 Tax Increment Allocation Revenue Note
(Near South Redevelopment Project, Taxable Series A)
(the "Redevelopment Note")

This Certification is submitted to you, Registered Owner of the Redevelopment Note, pursuant to the Ordinance of the City authorizing the execution of the Redevelopment Note adopted by the City Council of the City on June 23, 2004 (the "Ordinance"). All terms used herein shall have the same meaning as when used in the Ordinance.

The City hereby certifies that \$_____ is advanced as principal under, or has been added to the principal balance of, the Redevelopment Note as of the date hereof. Such amount has been properly incurred, is a proper charge made or to be made in connection with the redevelopment project costs defined in the Ordinance and has not been the basis of any previous principal advance. As of the date hereof, the outstanding principal balance under the Redevelopment Note is \$_____, including the amount of this Certificate and less any payment made on the Redevelopment Note as of the date hereof, and the amount of interest accrued on the principal balance of the Redevelopment Note as of the date hereof is \$_____.

IN WITNESS WHEREOF, the City has caused this Certification to be signed on its behalf as of _____, 200_.

CITY OF CHICAGO

By: _____
Commissioner
Department of Planning and
Development

AUTHENTICATED BY:

REGISTRAR