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

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

Very truly yours,

_____

By: _____

Name: _____

ISSUANCE OF CITY-NOTES AND EXECUTION OF LOAN AND REDEVELOPMENT AGREEMENTS WITH TCB, OAKWOOD SHORES TERRACE ASSOCIATES LIMITED PARTNERSHIP AND ARCHER RETAIL DEVELOPMENT, L.L.C. FOR CONSTRUCTION OF AFFORDABLE HOUSING AT 3753 -- 3755 S. COTTAGE GROVE AVE.

[O2010-821]

The Committee on Finance submitted the following report:

CHICAGO, March 10, 2010.

To the President and Members of the City Council:

Your Committee on Finance, having had under consideration an ordinance authorizing the Commissioner of the Department of Community Development to enter into and execute two redevelopment agreements with TCB, Oakwood Shores Terrace Associates Limited Partnership and Arches Retail Development, L.L.C., amount of multi-family program loan not to exceed: $2,098,814, amount of bridge loan not to exceed: $7,923,896 and amount of notes not to exceed: $1,950,000, having had the same under advisement, begs leave to report and recommend that Your Honorable Body *Pass* the proposed ordinance transmitted herewith.

This recommendation was concurred in by a viva voce vote of the members of the Committee.

Respectfully submitted,

(Signed) EDWARD M. BURKE,
Chairman.

On motion of Alderman Burke, the said proposed ordinance transmitted with the foregoing committee report was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Fioretti, Dowell, Preckwinkle, Jackson, Harris, Beale, Pope, Balcer, Cárdenas, Olivo, Burke, Foulkes, Thompson, Thomas, Lane, Rugai, Cochran, Brookins, Muñoz, Zalewski, Dixon, Solis, Maldonado, Burnett, E. Smith, Reboyras, Suarez, Waguespack, Mell, Colón, Mitts, Allen, Laurino, Doherty, Reilly, Daley, Tunney, Shiller, Schulter, M. Smith, Moore -- 41.

Nays -- None.

Alderman Pope moved to reconsider the foregoing vote. The motion was lost.

Alderman Hairston invoked Rule 14 of the City Council Rules of Order and Procedure, disclosing that she had represented parties to this ordinance in previous and unrelated matters.

Alderman Lyle invoked Rule 14 of the City Council Rules of Order and Procedure, disclosing that she had represented parties to this ordinance in previous and unrelated matters.

Alderman Thomas invoked Rule 14 of the City Council's Rules of Order and Procedure, disclosing that she had represented parties to this ordinance in previous and unrelated matters.

The following is said ordinance as passed:

WHEREAS, The City of Chicago (the "City"), a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois, has heretofore found and does hereby find that there exists within the City a serious shortage of decent, safe and sanitary rental housing available to persons of low- and moderate-income; and

WHEREAS, The City has determined that the continuance of a shortage of affordable rental housing is harmful to the health, prosperity, economic stability and general welfare of the City; and

WHEREAS, The City has established the Community Development Commission ("Commission") to, among other things, designate redevelopment areas and approve redevelopment plans, and recommend the sale of parcels located in redevelopment areas, subject to the approval of the City Council of the City of Chicago ("City Council"); and

WHEREAS, The Legislature of the State of Illinois passed an act to authorize the creation of public building commissions and to define their rights, powers and duties, approved July 5, 1955, as amended (the "Commission Act") to facilitate the construction, improvement and enlargement of buildings and facilities at convenient locations within the county seats and municipalities; and

WHEREAS, Pursuant to the Commission Act, the City Council ("City Council") of the City, on March 28, 1956, by ordinance, created the Public Building Commission ("P.B.C.") for the purpose of assisting in the funding and constructing of public buildings, facilities and improvements; and

WHEREAS, The Board of Education of the City of Chicago (the "Board"), is a body corporate and politic, organized under and existing pursuant to Article 34 of the School Code of the State of Illinois, 105 ILCS 5/1-1, et seq. (the "School Code"); and

WHEREAS, Pursuant to an ordinance adopted by the City Council on November 6, 2002 and published at pages 95464 through 95569 in the *Journal* of such date, a certain redevelopment plan and project (the "Plan") for the Madden/Wells Tax Increment Financing Redevelopment Project Area (the "Area") was approved pursuant to the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1, et seq.) (the "Act"); and

WHEREAS, Pursuant to an ordinance adopted by the City Council on November 6, 2002 and published at pages 95570 through 95576 in the *Journal* of such date, the Area was designated as a redevelopment project area pursuant to the Act; and

WHEREAS, Pursuant to an ordinance (the "T.I.F. Ordinance") adopted by the City Council on November 6, 2002 and published at pages 95577 through 95582 in the *Journal* of such date, tax increment allocation financing was adopted pursuant to the Act as a means of financing certain Area redevelopment project costs (as defined in the Act) incurred pursuant to the Plan; and

WHEREAS, The City is the owner of three (3) parcels of vacant land ("City Parcels") located at 3753 -- 3755 South Cottage Grove Avenue, Chicago, as legally described on Exhibit A attached hereto and made a part hereof; and

WHEREAS, The P.B.C. holds title to one (1) parcel of vacant land, on behalf of the Chicago Board of Education ("P.B.C. Parcel"), as legally described on Exhibit B attached hereto and made a part hereof which shall be transferred by the P.B.C. to the City; and

WHEREAS, Pursuant to the Local Government Property Transfer Act, 50 ILCS 605/0.01, et seq., the Board, at its meeting of September 23, 2009, pursuant to

Resolution 0-0923-RS13, by a vote of not less than two-thirds of its full membership, has requested the P.B.C. to convey the P.B.C. Parcel to the City, subject to the City's prior passage of an ordinance declaring that it is necessary or convenient for the City to acquire the Property for a public use; and

WHEREAS, Pursuant to the P.B.C. Board Resolution Number 7438 dated December 17, 2009, duly adopted by the P.B.C. Board of Commissioners, the P.B.C. was authorized to convey the P.B.C. Parcel to the City; and

WHEREAS, The City Council finds and declares that it is necessary and useful to acquire the P.B.C. Parcel and to thereafter convey the P.B.C. Parcel to The Community Builders, Inc., a Massachusetts 501(c)(3) corporation licensed to transact business in Illinois as T.C.B. Illinois N.F.P., Inc. ("T.C.B."), located at 95 Berkeley Street, Boston, Massachusetts, which shall thereafter utilize the P.B.C. Parcel or portions thereof, for public use and public purposes, including using the P.B.C. Parcel or portions thereof as an ingress and egress Perpetual Easement (as defined below) benefiting the Chicago Housing Authority ("C.H.A.") public housing units, the Donoghue School, which lies adjacent to the P.B.C. Parcel, and the general public for ingress and egress purposes, but not as a dedicated public way; and

WHEREAS, The City Parcels and P.B.C. Parcel are located in the T.I.F. Area shall together be referred to herein as the "Property"; and

WHEREAS, C.H.A. owns one (1) parcel of real estate, totaling approximately twenty-one thousand six hundred fifty-two (21,652) square feet as legally described on Exhibit C attached hereto ("C.H.A. Parcel"); and

WHEREAS, T.C.B. has proposed to purchase the Property from the City for One and no/100 Dollars ($1.00), which is a Nine Hundred Fifty-nine Thousand Nine Hundred Ninety-nine Dollar ($959,999) land write down from the Property's fair market value of Nine Hundred Sixty Thousand Dollars ($960,000); and

WHEREAS, The Property and the C.H.A. Parcel shall be utilized for development and construction of C.H.A.'s Phase 2C of the Madden Wells revitalization development on the Property, which includes a mixed-use building that will consist of residential rental dwelling units, including affordable housing units (the "Rental Project"), and approximately twenty-eight thousand (28,000) square feet of commercial space to be used in part for a medical office (the "Retail Project"), as more fully described herein; and

WHEREAS, T.C.B., Oakwood Shores Terrace Associates Limited Partnership, an Illinois limited partnership ("Oakwood") of which Oakwood Shores Terrace GP L.L.C., an Illinois limited liability company, is the sole general partner, and Arches Retail Development, L.L.C., an Illinois limited liability company ("Arches") shall enter into a real estate redevelopment agreement ("Real Estate Agreement"), in the form attached hereto as Exhibit D, with the City for the negotiated sale of the Property to T.C.B. from the City, which such Real Estate Agreement shall include terms reflecting T.C.B.'s subsequent transfers of portions of the Property to Oakwood for Oakwood's development of the Rental Project and Oakwood's grant

to the City of an east/west twenty-four (24) foot ingress and egress perpetual easement ("Perpetual Easement"), as legally described on Exhibit E, over portions of the Property and C.H.A. Parcel that shall be utilized for public use and public purposes, but not as a dedicated public way, and a subsequent transfer of land to Arches for the development of the Retail Project; and

WHEREAS, The sale of the Property from the City to T.C.B. for ultimate conveyance to Oakwood (any such party, the "Transferee") in connection with the Rental Project may qualify under the Donation Tax Credit Program as an eligible donation thereby generating affordable housing tax credits under Section 3805/7.28 of the Illinois Affordable Housing Act, 20 ILCS 3895/1, et seq., and under the implementing regulations set forth in Title 47, Part 355 of the Illinois Administrative Code, 47 III. Adm. Code 355.101, et seq. (the "Donation Tax Credit Program"), and further generating certain additional proceeds which D.C.D. would like to make available for the Rental Project; and

WHEREAS, Oakwood shall thereafter convey that portion of the Property and the C.H.A. Parcel to the City that together comprises the Perpetual Easement; and

WHEREAS, T.C.B. shall thereafter transfer that portion of the Property and the C.H.A. Parcel allocated for the Retail Project to Arches who has proposed to undertake the redevelopment of that portion of the Property and C.H.A. Parcel in accordance with the Plan, the Real Estate Agreement, and pursuant to the terms and conditions of a proposed Retail Project redevelopment agreement ("Retail Project Redevelopment Agreement") to be executed by Arches and the City, and including but not limited to the acquisition of a fee simple interest in a portion of the Property and the construction of the Retail Project which is comprised of approximately twenty-eight thousand (28,000) square feet of retail space to be used in part as a medical clinic and medical suites, to be financed in part by a portion of the incremental taxes, if any, deposited in the Madden/Wells Tax Increment Financing Redevelopment Project Area Special Tax Allocation Fund (as defined in the T.I.F. Ordinance) pursuant to Section 5/11-74.4-8(b) of the Act ("Incremental Taxes"); and

WHEREAS, The City has certain funds available from a variety of funding sources ("Multi-Family Program Funds") to make loans and grants for the development of multi-family residential housing to increase the number of families served with decent, safe, sanitary and affordable housing and to expand the long-term supply of affordable housing, and such Multi-Family Program Funds are administered by the City's Department of Community Development ("D.C.D."); and

WHEREAS, D.C.D. has preliminarily reviewed and approved the making of a loan to Oakwood, in an amount not to exceed Two Million Eighty-five Thousand Eight Hundred Fourteen Dollars ($2,085,814) (the "Loan"), to be funded from Multi-Family Program Funds pursuant to the terms and conditions set forth in Exhibit F attached hereto and made a part hereof, to finance a portion of the cost of acquiring the Property and constructing thereon the Rental Project, consisting of a total of forty-eight (48) residential rental units, of which approximately twelve (12) units will be leased at market rates with no income or rent

restrictions, and approximately thirty-six (36) will be leased at affordable rates to households at or below sixty percent (60%) of area-wide median income for the City of Chicago; and

WHEREAS, D.C.D. has preliminarily approved a preliminary plan of financing for the Rental Project as set forth on Exhibit F hereto; and

WHEREAS, T.C.B., or another entity acceptable to the D.C.D. Officer may make a loan or capital contribution to Oakwood or to another entity affiliated with Oakwood of Federal Home Loan Bank Affordable Housing Program funds in the approximate amount of up to Five Hundred Thousand Dollars ($500,000), and such loan or capital contribution may be loaned to Oakwood directly, or by such other affiliated entity, and secured by a mortgage junior to the lien of the mortgage securing the Loan, but the making of such loan or capital contribution is not a condition to the making of the Loan; and

WHEREAS, By Resolution Number 09-CDC-47, adopted on September 8, 2009, the Commission authorized D.C.D. to advertise its intention to enter into a negotiated sale with Oakwood for the redevelopment of the Property; approved the D.C.D.'s request to advertise for alternative proposals, and recommended that City Council approve the sale of the Property to Oakwood if no alternative proposals were received without further Commission action; and

WHEREAS, The department published the notice on three (3) separate dates, requested alternative proposals for the redevelopment of the Property and provided reasonable opportunity for other persons to submit alternative bids or proposals; and

WHEREAS, No alternative proposals were received by the deadline indicated in the aforesaid notice; and

WHEREAS, Pursuant to Resolution 09-CDC-47 adopted by the Commission on September 8, 2009, the Commission has recommended that Arches be designated as the developer for the Retail Project and that D.C.D. be authorized to negotiate, execute and deliver on behalf of the City a Retail Project Redevelopment Agreement with Arches for the Retail Project; now, therefore,

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. The above recitals are expressly incorporated in and made a part of this ordinance as though fully set forth herein.

SECTION 2. The Commissioner of the Department of Community Development (the "Commissioner") 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 a Real Estate Agreement between T.C.B., Oakwood, Arches and the City substantially in the form attached hereto as Exhibit D and made a part hereof, and such other supporting documents as may be necessary or appropriate to carry out and comply with the provisions of the Real Estate Agreement, with such changes, deletions and insertions as shall

be approved by the persons executing the Real Estate Agreement. The Commissioner is further authorized to accept a deed of conveyance from the P.B.C. for the P.B.C. Parcel (Exhibit B), and accept the Oakwood grant of the Perpetual Easement from Oakwood (Exhibit E), all subject to the approval of the Corporation Counsel.

SECTION 3. The City is hereby authorized to sell and convey to T.C.B. the Property for the land write down sum of One and no/100 Dollars ($1.00) in accordance with and subject to the terms of Real Estate Agreement.

SECTION 4. The Mayor or his proxy is authorized to execute, and the City Clerk to attest, a quitclaim deed conveying to T.C.B., or to a land trust of which T.C.B. is the sole beneficiary, or to a business entity of which T.C.B. is the sole controlling party, the Property for the consideration described therein and otherwise in accordance with and subject to the terms of such Real Estate Agreement.

SECTION 5. The City hereby approves the conveyance of the Property as a donation to the Transferee or other entity approved by the Commissioner of D.C.D. (the "Commissioner") from the City under the Donation Tax Credit Program in connection with the Rental Project. The Commissioner and a designee of the Commissioner (collectively, the "D.C.D. Officer") is hereby authorized to transfer the tax credits allocated to the City under the Donation Tax Credit Program in connection with the conveyance of the Property to the Transferee or such other approved entity on such terms and conditions as are satisfactory to the Authorized D.C.D. Officer. The proceeds, if any, received by the City in connection with such transfer are hereby appropriated, and the Authorized D.C.D. Officer is hereby authorized to use such proceeds, to make a grant to T.C.B. or to another entity affiliated with T.C.B., in his or her sole discretion, for use in connection with the Rental Project (the "Grant"). The Authorized D.C.D. Officer is hereby authorized, subject to approval by the Corporation Counsel, to enter into and execute such agreements and instruments, and perform any and all acts as shall be necessary or advisable in connection with the implementation of the transfer and the Grant. Upon the execution and receipt of proper documentation, the Authorized D.C.D. Officer is hereby authorized to disburse the proceeds of the Grant to T.C.B. or to another entity affiliated with T.C.B., as applicable.

SECTION 6. Upon the approval and availability of the Additional Financing as shown in Exhibit F hereto, the Commissioner and the D.C.D. Officer are each hereby authorized, subject to approval by the Corporation Counsel, to enter into and execute such agreements and instruments, and perform any and all acts as shall be necessary or advisable in connection with the implementation of the Loan. The D.C.D. Officer is hereby authorized, subject to the approval of the Corporation Counsel, to negotiate any and all terms and provisions in connection with the Loan which do not substantially modify the terms described in Exhibit F hereto. Upon the execution and receipt of proper documentation, the D.C.D. Officer is hereby authorized to disburse the proceeds of the Loan to Oakwood.

SECTION 7. In connection with the Loan by the City to Oakwood, the City shall waive, those certain fees, if applicable, imposed by the City with respect to the Rental Project (as described in Exhibit F hereto) and as more fully described in Exhibit G attached hereto and

made a part hereof. The Rental Project shall be deemed to qualify as "Affordable Housing" for purposes of Chapter 16-18 of the Municipal Code of Chicago. Section 2-45-110 of the Municipal Code of Chicago shall not apply to the Rental Project or the Property.

SECTION 8. Arches Retail Development, L.L.C. is hereby designated as the developer for the Retail Project pursuant to Section 5/11-74.4-4 of the Act.

SECTION 9. The Commissioner 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 a Retail Project Redevelopment Agreement between the Arches Retail Development, L.L.C. and the City substantially in the form attached hereto as Exhibit H and made a part hereof (the "Retail Project Redevelopment Agreement"), and such other supporting documents as may be necessary to carry out and comply with the provisions of the Retail Project Redevelopment Agreement, with such changes, deletions and insertions as shall be approved by the persons executing the Retail Project Redevelopment Agreement.

SECTION 10. The City Council of the City hereby finds that the City is authorized to (a) issue its tax increment allocation revenue obligation in the maximum principal amount of One Million Nine Hundred Fifty Thousand Dollars ($1,950,000) (excluding interest that may accrue on the First Taxable Note that is added to the principal balance of the Second Taxable Note as provided in the Retail Project Redevelopment Agreement), and (b) reimburse T.I.F.-Funded Interest Costs (as defined in the Retail Project Redevelopment Agreement) of up to One Hundred Fifty Thousand Dollars ($150,000), all to finance a portion of the eligible costs included within the Retail Project.

SECTION 11. There shall be borrowed for and on behalf of the City a principal amount not to exceed One Million Nine Hundred Fifty Thousand Dollars ($1,950,000) (excluding interest that may accrue on the First Taxable Note that is added to the principal balance of the Second Taxable Note as provided in the Retail Project Redevelopment Agreement) for the payment of a portion of the eligible redevelopment project costs (as such term is defined under the Act) included within the Retail Project (such costs shall be known herein and in the Retail Project Redevelopment Agreement as "T.I.F.-Funded Improvements"). The borrowing shall be evidenced by notes of the City as follows: (i) a note of the City in an amount not to exceed One Million Nine Hundred Fifty Thousand Dollars ($1,950,000) (the "First Taxable Note"); and (ii) a note of the City in an amount not to exceed One Million Five Hundred Thousand Dollars ($1,500,000) (the "Tax Exempt Note") which shall be issued as a partial refunding of the First Taxable Note; and (iii) a note of the City in an amount not to exceed Four Hundred Fifty Thousand Dollars ($450,000) (the "Second Taxable Note") which shall be issued as a partial refunding of the First Taxable Note. The notes shall be issued and each shall be designated "Tax Increment Allocation Revenue Note (Arches Retail Development, L.L.C. Redevelopment Project") (each a "City Note" and collectively, the "City Notes"). The City Notes shall be substantially in the form attached to the Retail Project Redevelopment Agreement as Exhibit D and made a part hereof, with such additions or modifications as shall be determined to be necessary by the Authorized Officer (the person duly appointed and serving as the Chief Financial Officer of the City being referred to herein as an "Authorized Officer", or if there is no Chief Financial Officer, then the City Comptroller) of the City, at the

time of issuance to reflect the purpose of the issue. The City Notes shall be dated the date of delivery thereof, and shall also bear the date of authentication, shall be in fully registered form, shall be in the denomination of the outstanding principal amount thereof and shall become due and payable as provided therein. The proceeds of the City Notes, up to a maximum of One Million Nine Hundred Fifty Thousand Dollars ($1,950,000), are hereby appropriated for the purposes set forth in this Section 11.

The City Notes shall bear interest at fixed interest rates per annum equal to the interest rates set forth in the Retail Project Redevelopment Agreement. Interest on the First Taxable Note and the Second Taxable Note shall be subject to federal income taxes. Accrued and unpaid interest on each Note shall compound on January 1st of each year and thereafter bear interest at the same fixed interest rate that applies to the principal of the Notes.

The principal of and interest on each City Note shall be paid by check, draft or wire transfer of funds by the City Comptroller of the City, as registrar and paying agent (the "Registrar"), payable in lawful money of the United States of America to the persons in whose names such City Note is registered at the close of business on the payment date, in any event no later than at the close of business on the fifteenth (15th) day of the month immediately after the applicable payment date; provided, that the final installment of the principal and accrued but unpaid interest of such City 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 on or before the maturity date.

The seal of the City shall be affixed to or a facsimile thereof printed on each City Note, and each City 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 any such City Note shall cease to be such officer before the delivery of such City Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

Each City 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 such City Note, and showing the date of authentication. The City Notes 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 a City Note shall be conclusive evidence that such City Note has been authenticated and delivered under this ordinance.

SECTION 12. The City shall cause books (the "Register") for the registration and for the transfer of the City Notes (to the extent such transfer is permitted under the Retail Project 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 City Notes. The City is authorized to prepare, and the Registrar shall keep custody of, multiple City Note blanks executed by the City for use in the transfer of the City Notes.

Upon surrender for a transfer of any City Note authorized under the Retail Project 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 Authorized Officer (or his or her designee) and the Commissioner on the instrument of transfer, and (iv) any deliveries required under the Retail Project 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 City Note of the same maturity, of authorized denomination, for the authorized principal amount of such City Note less previous retirements. The execution by the City of a fully registered City Note shall constitute full and due authorization of such City Note and the Registrar shall thereby be authorized to authenticate, date and deliver such City Note. The Registrar shall not be required to transfer or exchange a City 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 such City Note nor to transfer or exchange a City Note after notice calling a City Note for prepayment has been made, nor during a period of five (5) days next preceding mailing of a notice of prepayment of principal of a City Note. No beneficial interests in a City Note shall be assigned, except in accordance with the procedures for transferring a City Note described above.

The person in whose name a City Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of and interest, if any, on such City 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 such City Note to the extent of the sum or sums so paid.

No service charge shall be made for any transfer of a City 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 such City Note.

SECTION 13. Subject to the limitations set forth herein, the Authorized Officer is authorized to determine the terms of the City Notes and to issue the City Notes on such terms as the Authorized Officer may deem to be in the best interest of the City. The principal of each City Note shall be subject to determination, reduction and prepayment as provided in the form of City Notes attached to the Retail Project Redevelopment Agreement as Exhibit D and as provided in the Retail Project Redevelopment Agreement, including, without limitation, Sections 4.03 and 15.02. As directed by the Authorized Officer, the Registrar shall proceed with prepayment without further notice or direction from the City. The Registrar shall note on the Payment Schedule attached to each City Note the amount of any payment of principal or interest on such City Note, including the amount of any redemption or prepayment, and the amount of any reduction in principal pursuant to the Retail Project Redevelopment Agreement.

SECTION 14. The City Notes hereby authorized shall be executed as in this ordinance and the Retail Project Redevelopment Agreement provided as soon after the passage hereof as may be practicable and consistent with the terms of the Retail Project Redevelopment Agreement, and thereupon, be deposited with the Commissioner, and be by said Commissioner delivered to Arches.

SECTION 15. Pursuant to the T.I.F. Ordinance, the City has created a special fund, designated as the Madden/Wells Tax Increment Financing Redevelopment Project Area Special Tax Allocation Fund (the "Fund"). The Authorized Officer of the City is hereby directed to maintain the Fund as a segregated interest-bearing account, separate and apart from the City's Corporate Fund or any other fund of the City. Pursuant to the T.I.F. Ordinance, all Incremental Taxes received by the City for the Area shall be deposited into the Fund.

There is hereby created within the General Account of the Fund a special subaccount to be known as the "Arches Retail Development, L.L.C. Project Account" (the "Project Account"). The City shall designate and deposit into the Project Account an amount equal to ninety percent (90%) of the Incremental Taxes attributable to increases in the equalized assessed value of the tax parcels comprising the Property and the C.H.A. Parcel and deposited into the General Account from and after the year in which the Initial Certificate (as defined in the Retail Project Redevelopment Agreement) is issued (such amount, the "Available Incremental Taxes"). Subject to the terms and conditions of the Retail Project Redevelopment Agreement, the City shall use the funds in the Project Account to make payments with respect to the City Notes until the City Notes have been fully repaid or refunded. In the event that an event of default under the Retail Project Redevelopment Agreement entitles the City to permanently terminate further payments of City Funds (as defined in the Retail Project Redevelopment Agreement) with respect to any City Notes, the City may in its discretion, return the amounts in the Project Account established above that would otherwise be allocated to the payment of such City Note to the Fund of the City and the Project Account shall be closed.

The City hereby assigns, pledges and dedicates the Project Account, together with all amounts on deposit therein, to the payment of the principal of and interest, if any, on the City Notes when due under the terms of the Retail Project Redevelopment Agreement, and to the payment of T.I.F.-Eligible Interest Costs (as defined in the Retail Project Redevelopment Agreement), if applicable. Upon deposit, the monies on deposit in the Project Account may be invested as hereinafter provided. Interest and income on any such investment shall be deposited in the Project Account. All monies on deposit in the Project Account shall be used to pay the principal of and interest on the City Notes, at maturity or upon payment or redemption prior to maturity, in accordance with its terms, which payments from the Project Account are hereby authorized and appropriated by the City. Upon payment of all amounts due under the City Notes and the Retail Project 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 Project Account, as applicable, shall be deposited in the Fund of the City and the Project Account shall be closed.

Notwithstanding any of the foregoing, payments on the City Notes will be subject to the availability of Available Incremental Taxes in the Project Account.

SECTION 16. Each City Note is a special limited obligation of the City, and is payable solely from amounts on deposit in the Project Account and shall be a valid claim of the registered owner thereof only against said sources. None of the City Notes shall 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(s) of the City Notes 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 City Notes. The City's obligation to fully repay the City Notes is further limited by the terms and conditions of the Retail Project Redevelopment Agreement.

SECTION 17. Monies on deposit in the Fund or the Project Account, as the case may be, may be invested as allowed under Section 2-32-520 of Municipal Code of the City of Chicago. 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 City Notes.

SECTION 18. Pursuant to the Retail Project Redevelopment Agreement, Arches shall complete the Retail Project. The eligible redevelopment project costs of the Retail Project constituting T.I.F.-Funded Improvements up to the principal amount of Two Million One Hundred Thousand Dollars ($2,100,000) shall be deemed to be a disbursement of the proceeds of the City Notes and reimbursement of T.I.F. Funded Interest Costs. Upon issuance, the City Notes shall have in the aggregate an initial principal balance equal to Arches' prior expenditures for T.I.F.-Funded Improvements (excluding T.I.F.-Funded Interest Costs, as defined in the Retail Project Redevelopment Agreement) up to a maximum amount of One Million Nine Hundred Fifty Thousand Dollars ($1,950,000) (excluding interest that may accrue on the First Taxable Note that is added to the principal balance of the Second Taxable Note as provided in the Retail Project Redevelopment Agreement), as supported by Certificate of Expenditures in accordance with the City Notes, and subject to the reductions described in the Retail Project Redevelopment Agreement. After issuance, the principal amount outstanding under the City Notes shall be the initial principal balance of the City Notes, plus interest thereon, minus any principal amount and interest paid on the City Notes and other reductions in principal as provided in the Retail Project Redevelopment Agreement.

SECTION 19. The Registrar shall maintain a list of the names and addresses of the registered owners from time to time of the City Notes and upon any transfer shall add the name and address of the new registered owner and eliminate the name and address of the transferor.

SECTION 20. The provisions of this ordinance shall constitute a contract between the City and the registered owner(s) of the City Notes. All covenants relating to the City Notes are enforceable by the registered owner(s) of the City Notes.

SECTION 21. The Mayor, the Chief Financial Officer, the City Clerk, the Commissioner (or his or her designee) and the other officers of the City are authorized to execute and deliver on behalf of the City such other documents, agreements and certificates and to do such other things consistent with the terms of this ordinance as such officers and employees

shall deem necessary or appropriate in order to effectuate the intent and purposes of this ordinance.

SECTION 22. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code of Chicago, or part thereof, is in conflict with the provisions of this ordinance, the provisions of this ordinance shall control. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this ordinance.

SECTION 23. This ordinance shall be effective as of the date of its passage and approval.

Exhibits "A", "B", "C", "D", "E", "F", "G" and "H" referred to in this ordinance read as follows:

Exhibit "A".
(To Ordinance)

Legal Description Of City Parcels.

(Subject To Final Title And Survey)

That part of Lot 66 in Ellis' East Addition to Chicago together with that part of Lots 10, 11 and 12, in Assessor's Division of Lots 63, 64 and 65 in Ellis' East Addition to Chicago, taken as a tract, in the southeast quarter of East Addition to Chicago, taken as a tract, in the southeast quarter of Section 34 and Fractional Section 35 Township 39 North, Range 14 East of the Third Principal Meridian, described as follows:

beginning at the point of intersection of the north line of East 38th Street, being also the north line of Madden Wells Subdivision with the east line of the 80 foot wide South Cottage Grove Avenue; thence north 69 degrees, 56 feet, 33 inches east, along the north line of East 38th Street, aforesaid, 169.28 feet to the easterly line of the westerly half of said Lot 66; thence north 21 degrees, 1 foot, 32 inches west, along the last mentioned easterly line 82.40 feet to the north line of said Lot 66; thence north 21 degrees, 47 feet, 27 inches west, along the easterly line of Lots 10, 11 and 12, aforesaid, 82.21 feet to the northeasterly corner of said Lot 12; thence south 69 degrees, 7 feet, 52 inches west, along the northerly line of said Lot 12, a distance of 165.16 feet to the east line of South Cottage Grove Avenue, aforesaid; thence south 19 degrees, 58 feet, 0 inches east, 162.33 feet to the point of beginning, in Cook County, Illinois.

Containing 27,370 square feet or 0.6283 acres, more or less.

Commonly Known And Numbered As:

3753 -- 3755 South Cottage Grove Avenue
Chicago, Illinois 60653.

Permanent Index Numbers:

17-34-421-096-0000;

17-34-421-099-0000; and

17-34-421-100-0000 (partial).

Exhibit "B".
(To Ordinance)

Legal Description Of P.B.C. Parcel.

(Subject To Final Title And Survey)

That part of Lots 6, 13 and 14, in Assessor's Division of Lots 63, 64 and 65 in Ellis' East Addition to Chicago, taken as a tract, in the southeast quarter of Section 34 Fractional Section 35, Township 39 North, Range 14 East of the Third Principal Meridian, described as follows:

commencing at the point of intersection of the north line of East 38th Street, being also the north line of Madden Wells Subdivision with the east line of the 80 foot wide South Cottage Grove Avenue; thence north 69 degrees, 56 feet, 33 inches east, along the north line of East 38th Street, aforesaid, 169.28 feet to the easterly line of the westerly half of said Lot 66 in Ellis' East Addition to Chicago, aforesaid; thence north 21 degrees, 1 foot, 32 inches west, along the last mentioned easterly line, 82.40 feet to the north line of said Lot 66; thence north 21 degrees, 47 feet, 27 inches west, along the easterly line of Lots 10, 11 and 12, in Assessor's Division of Lots 63, 64 and 65, aforesaid, 82.21 feet of the southeasterly corner of said Lot 13, being also the point of beginning; thence south 69 degrees, 7 feet, 52 inches west, along the southerly line of said Lot 13, a distance of 165.16 feet to the east line of South Cottage Grove Avenue, aforesaid: thence north 19 degrees, 58 feet, 0 inches west, along the last mentioned east line, 58.35 feet; thence north 69 degrees, 56 feet, 33 inches east, 337.50 feet to the west line of the 66 foot wide South Ellis Avenue; thence south 22 degrees, 4 feet, 47 inches east, 3.36 feet to the southeasterly corner of said Lot 6; thence south 69 degrees, 6 feet, 12 inches west, along the southerly line of Lot 6, aforesaid, 174.10 feet to the northeast corner of said Lot 13; thence south 21 degrees, 47 feet, 27 inches east, 50.13 feet to the point of beginning, in Cook County, Illinois.

Containing 10,199 square feet or 0.2341 acres, more or less.

Commonly Known And Numbered As:

_____ South Cottage Grove Avenue
Chicago, Illinois 60653.

Permanent Index Number:

17-34-421-093-0000.

Exhibit "C".
(To Ordinance)

Legal Description Of C.H.A. Parcel.

(Subject To Final Title And Survey)

That part of Lot 66 in Ellis' East Addition to Chicago together with that part of Lots 7, 8 and 9, in Assessor's Division of Lots 63, 64 and 65 in Ellis' East Addition to Chicago, taken as a tract, in the southeast quarter of East Addition to Chicago, taken as a tract, in the southeast quarter of Section 34 and Fractional Section 35, Township 39 North, Range 14 East of the Third Principal Meridian, described as follows:

beginning at the point of intersection of the north line of East 38th Street, being also the north line of Madden Wells Subdivision with the east line of the 80 foot wide South Cottage Grove Avenue; thence north 69 degrees, 56 feet, 33 inches east, along the north line of East 38th Street, aforesaid, 169.28 feet to the easterly line of the westerly half of said Lot 66; being the point of beginning; thence north 21 degrees, 1 foot, 32 inches west, along the last mentioned easterly line 82.40 feet to the north line of said Lot 66; thence north 21 degrees, 47 feet, 27 inches west, along the easterly line of Lots 7, 8 and 9, aforesaid, 132.34 feet to the northwesterly corner of said Lot 7; thence north 69 degrees, 6 feet, 12 inches east, along the northerly line of said Lot 7, a distance of 174.10 feet to the west line of the 66 foot wide South Ellis Avenue; thence south 22 degrees, 4 feet, 47 inches east, along the west line of South Ellis Avenue, aforesaid, 20.66 feet; thence south 69 degrees, 56 feet, 33 inches west, 78.39 feet; thence south 19 degrees, 58 feet, 0 inches east, 196.58 feet to the north line of East 38th Street, aforesaid; thence south 69 degrees, 56 feet, 33 inches west, 90.72 feet to the point of beginning, in Cook County, Illinois.

Containing 21,652 square feet or 0.4971 acres, more or Less.

Commonly Known And Numbered As:

_____ South Cottage Grove Avenue
Chicago, Illinois 60653.

Permanent Index Number:

17-34-421-101-0000.

Exhibit "D".
(To Ordinance)

Agreement For The Sale And Redevelopment Of Land.

This **AGREEMENT FOR THE SALE AND REDEVELOPMENT OF LAND** ("Agreement") is made on or as of the _____ day of _____, 2010, by and between the **CITY OF CHICAGO**, an Illinois municipal corporation ("City"), acting by and through its Department of Community Development ("DCD"), having its principal offices at City Hall, 121 North LaSalle Street, Chicago, Illinois 60602, **THE COMMUNITY BUILDERS, INC.**, a Massachusetts 501(c)(3) corporation licensed to transact business in Illinois, as TCB Illinois NFP, Inc. ("TCB"), with its local Chicago offices located at One North LaSalle Street, Suite 1200, Chicago, Illinois 60602, **OAKWOOD SHORES TERRACE ASSOCIATES LIMITED PARTNERSHIP** ("Oakwood"), an Illinois limited partnership, with its offices located at One North LaSalle Street, Suite 1200, Chicago, Illinois 60602, and **ARCHES RETAIL DEVELOPMENT, LLC** ("Arches"), an Illinois limited liability company with its offices located at 330 South Wells Street, Suite 400, Chicago, Illinois 60606. TCB, Oakwood, and Arches together shall be referred to herein as the "Mixed Use Project Developers".

RECITALS

WHEREAS, TCB desires to purchase from the City certain real property having the common addresses of 3753-3755 South Cottage Grove Avenue, Chicago, Illinois, as legally described on **Exhibit A** attached hereto (the "City Parcels"); and

WHEREAS, the Public Building Commission ("PBC") owns, on behalf of the Chicago Board of Education ("Board"), one (1) vacant parcel of land, as legally described on **Exhibit B** attached hereto ("PBC Parcel").

WHEREAS, pursuant to the Local Government Property Transfer Act, 50 ILCS 605/0.01 et seq., the Board, at its meeting of September 23, 2009, pursuant to Resolution 0-0923-RS13, authorized the PBC to convey the PBC Parcel to the City for a public use; and

WHEREAS, the PBC shall transfer the PBC Parcel to the City for conveyance of the City Parcels and PBC Parcel to TCB, subject to the terms of this Agreement.

WHEREAS, the City Parcels and PBC Parcel shall together be referred to herein as the "Property"; and

WHEREAS, the Property is comprised of approximately 37,569 square feet of land situated within the boundaries of the Madden/Wells Tax Increment Financing Redevelopment Project Area (the "Redevelopment Area"), as created by ordinances ("Ordinances") of the Chicago City Council dated November 6, 2002 and published at pages 95464 through 95582 of the Journal of the Proceedings of the City Council of the City of Chicago; and

WHEREAS, the appraised market value of the Property is Nine Hundred Sixty Thousand and no/100 Dollars ($960,000); and

WHEREAS, the Chicago Housing Authority ("CHA") owns one (1) parcel of real estate, totaling approximately 21,652 square feet as legally described on **Exhibit C** attached hereto ("CHA Parcel"), which the CHA intends to transfer to TCB, subject to CHA Board approval; and

WHEREAS, TCB has submitted a proposal to the Department of Community Development ("DCD") to purchase the Property and the City is willing to sell the Property to TCB for One and no/100 Dollars ($1.00), which is a Nine Hundred Fifty Nine Thousand Nine Hundred Ninety Nine and no/100 Dollars ($959,999) land write down in consideration of the fulfillment of obligations under this Agreement including the obligations for the development on the Property and the CHA Parcel of a six (6) story mixed use building that will consist of forty eight (48) residential rental dwelling units of which thirty six (36) units, or 75 percent will be affordable for households earning no more than 60 percent of the area median income ("Rental Project"), and a 28,000 square foot commercial space on the first and second stories ("Retail Space") to be utilized as a commercial/office center with at least 50% of the Retail Space operated by medical or medical-related service providers, as permitted by the applicable zoning requirements, and including adjacent landscaped common areas and parking on portions of the CHA Parcel ("Retail Project"), all as more fully described on **Exhibit D** attached hereto (the Rental Project, the Retail Project, and the Perpetual Easement, as defined herein, together shall be referred to herein as the "Mixed Use Project"). The total development costs for the acquisition of the Property and construction of the Mixed Use Project shall be approximately Twenty Three Million Five Hundred Thirty Seven Thousand Four Hundred Forty Three and No/100 Dollars ($23,537,443), or such other amount approved by the City; and

WHEREAS, the City will transfer the Property to TCB in an effort to generate affordable housing tax credits under Section 3805/7.28 of the Illinois Affordable Housing Act, 20 ILCS 3895/1 *et seq.,* and under the implementing regulations set forth in title 47, Part 355 of the Illinois Administrative Code, 47 Ill. Adm. Code 355.101 *et seq.* (the "Donation Tax Credit Program"); and

WHEREAS, TCB shall simultaneously transfer to Oakwood, of which Oakwood Shores Terrace GP L.L.C., an Illinois limited liability company, is the sole general partner ("General Partner"), those portions of the Property and CHA Parcel to be used for the Rental Project and an east-west twenty-four foot portion that shall comprise a twenty-four foot ingress and egress east-west perpetual easement, but such easement portion shall not be a dedicated public way ("Perpetual Easement"), as legally described on **Exhibit E**; and

WHEREAS, Oakwood shall simultaneously thereafter grant the Perpetual Easement to the City; and

WHEREAS, TCB shall simultaneously thereafter transfer the Retail Space allocated for the Retail Project to Arches who has proposed to undertake the redevelopment of that portion of the Property in accordance with the Madden/Wells Tax Increment Financing Redevelopment

project area plan, pursuant to an ordinance adopted by the City Council of the City of Chicago on November 6, 2002 ("Plan"), this Agreement, and pursuant to the terms and conditions of a City proposed Retail Project Redevelopment Agreement ("Retail Project Redevelopment Agreement") to be executed by Arches and the City; and

WHEREAS, Oakwood is obtaining financing for the Rental Project through the City's Multi-Family Program Funds in an amount not to exceed $2,085,814; approximately $345,000 from the Illinois Facilities Fund ("IFF"); approximately $3,247,177 from the CHA; approximately $1,048,350 through the Illinois Affordable Housing Tax Credits Program; approximately $7,923,896 to be derived from the syndication of approximately $1,100,651 of annual LIHTC to be allocated by the City; and $100.00 as an equity contribution from the General Partner (the "Oakwood Financing"), all to finance the Rental Project portion of the Mixed Use Project; and

WHEREAS, Arches shall finance the Retail Project in part by a portion of the incremental taxes, if any, deposited in the Madden/Wells Tax Increment Financing Redevelopment Project Area Special Tax Allocation Fund (as defined in the Ordinances) pursuant to Section 5/11-74.4-8(b) of the Act ("Incremental Taxes") and with loans made by JP Morgan Chase Bank ("Lender"), or another financial institution or other entity, and such other sources as Arches may identify, as all such financing shall be acceptable to the Commissioner, for the Retail Project (together, the "Arches Financing"); and

WHEREAS, the Mixed Use Project Developers and the City acknowledge that the implementation of the policies and provisions described in this Agreement will be of mutual benefit to the Mixed Use Project Developers, City, and the CHA.

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 agree as follows:

SECTION 1. INCORPORATION OF RECITALS.

The recitals set forth above constitute an integral part of this Agreement and are incorporated herein by this reference with the same force and effect as if set forth herein as agreements of the parties.

SECTION 2. PURCHASE PRICE.

Subject to the terms, covenants and conditions of this Agreement, the City agrees to sell the Property to TCB, and TCB agrees to purchase the Property from the City for the land write down amount of One and No/100 Dollars ($1.00) ("Purchase Price").

SECTION 3. EARNEST MONEY AND PERFORMANCE DEPOSIT.

No earnest money or performance deposit shall be required.

SECTION 4. SIMULTANEOUS CLOSINGS.

The closing of the transfer of the Property from the City to TCB and the simultaneous TCB transfers to Oakwood and Arches ("Simultaneous Closings") shall take place at the downtown offices of such reputable title companies as may be selected by the Mixed Use

Project Developers and as approved by the City (collectively referred to as, the "Title Company"), after the Mixed Use Project Developers have applied for all necessary building permits and zoning approvals for the Mixed Use Project, as required pursuant to Section 7 hereof, or on such date as the parties mutually agree upon in writing (the "Simultaneous Closings Date"); provided, however, in no event shall the Simultaneous Closings occur (1) until and unless the conditions precedent set forth in Sections 5.A. and 9 are all satisfied, unless DCD, in its sole discretion waives such conditions, and (2) any later than June 1, 2011 (the "Outside Simultaneous Closings Date"), unless DCD, in its sole discretion, extends the Outside Simultaneous Closings Date.

At the Simultaneous Closings there shall occur various simultaneous transfers ("Simultaneous Transfers") as follows: The City shall deliver to TCB (i) the Deed and (ii) possession of the Property, each subject only to the Permitted Exceptions. The CHA shall transfer the CHA Parcel directly to TCB for use in the Mixed Use Project. TCB shall thereafter transfer the Rental Project and those portions of the Property and CHA Parcel for conveyance of the east-west twenty-four foot portion for the Perpetual Easement to Oakwood, subject to the terms of this Agreement and any CHA required agreement. Immediately thereafter, Oakwood shall then also grant the Perpetual Easement to the City. Simultaneously, TCB shall transfer the Retail Project parcel to Arches to undertake the redevelopment of that portion of the Property and the CHA Parcel in accordance with the Plan and pursuant to this Agreement and the terms and conditions of the Retail Project Redevelopment Agreement. After TCB has made the conveyances described above, TCB shall have no further obligations and liabilities hereunder, other than the administrative costs and fees associated with such conveyances, as such obligations and liabilities shall be assumed respectively by Oakwood (with respect to the Rental Project) and Arches (with respect to the Retail Project).

SECTION 5. CONVEYANCE OF TITLE.

A. Form of Deed. Subject to the City's review and sole discretionary approval of any "Reciprocal Easement Agreement", "Joint Construction Management Agreement", and "Intercreditor Agreement" involving the Mixed Use Project, the City shall convey the Property to TCB by quitclaim deed ("Deed"), subject to the terms of this Agreement and the following ("Permitted Exceptions"):

1. the Redevelopment Plan for the Redevelopment Area;

2. standard exceptions in an ALTA title insurance policy;

3. general real estate taxes and any special assessments or other taxes;

4. all easements, encroachments, covenants and restrictions of record and not shown of record;

5. such other title defects that may exist; and

6. any and all exceptions caused by the acts of any of the Mixed Use Project Developers or their respective agents.

All other deeds made in relation to the subsequent transfers of the Property ("Subsequent Transfer Deeds") to Oakwood and Arches shall be made subject to the terms of this Agreement,

the Retail Project Redevelopment Agreement (as applicable to the Retail Project only), and the Permitted Exceptions.

B. Recording Costs. TCB shall pay to record the Deed, this Agreement, and any other documents incident to the conveyance of the Property to TCB.

C. Escrow. If TCB requires conveyance through escrow, TCB shall pay all escrow fees.

SECTION 6. TITLE, SURVEY AND REAL ESTATE TAXES.

6.1 Title commitment and Insurance. Not less than 30 days before the anticipated Simultaneous Closings Date, the Mixed Use Project Developers shall order a current title commitment issued by the Title Company for the Mixed Use Project. The Mixed Use Project Developers shall pay the cost of, and shall be responsible for, obtaining on the Simultaneous Closings Date, any title insurance, extended coverage, endorsements required by this Agreement and the Retail Project Redevelopment Agreement, and any other endorsements it deems necessary. The City agrees to provide the Title Company with a completed ALTA owner's statement, and other transfer documents typically required by the Title Company and typically provided by the City (but expressly excluding, however, any "gap" undertakings, title indemnities and similar liabilities) at or prior to the Simultaneous Closings. At the Simultaneous Closings, the Mixed Use Developers shall deliver to the City a copy of the owner's policy of title insurance that they obtain with respect to the portion of the Property and CHA Parcel that they acquired pursuant to the Simultaneous Transfers.

6.2. Survey. The Mixed Use Project Developers shall be responsible for obtaining, at the Mixed Use Project Developers' expense, all surveys for the Property, CHA Parcel, Rental Project, Retail Project, Perpetual Easement, and all other surveys necessary to complete the Mixed Use Project.

6.3. Real Estate Taxes. The City shall use reasonable efforts to obtain the waiver of any delinquent real estate tax liens on the Property prior to the Simultaneous Closings Date. If the City is unable to obtain the waiver of any such tax liens, either party may terminate this Agreement. If the City is unable to obtain the waiver of such taxes and TCB elects to close, the Mixed Use Project Developers shall assume the responsibility for any such delinquent real estate taxes. The Mixed Use Project Developers shall also be responsible for all taxes accruing after the Simultaneous Closings. Until a Certificate of Completion (as described in Section 13) is issued by the City, the Mixed Use Project Developers shall notify the City that either the Property is certified as exempt from taxation or that the real estate taxes have been paid in full within ten (10) days of such payments.

SECTION 7. BUILDING PERMITS AND OTHER GOVERNMENTAL APPROVALS.

The Mixed Use Project Developers shall apply for all necessary building permits and other required permits and government approvals for the Mixed Use Project after the City Council authorizes the sale of the Property to TCB, shall pursue such permits and approvals in good faith and with all due diligence, and shall provide evidence that all such permits have been issued prior to the Simultaneous Closings or provide evidence or other information satisfactory to the City that such permits are ready to be issued but for the Simultaneous Closings.

SECTION 8. PROJECT BUDGETS AND PROOF OF FINANCING.

The total of the Rental Project Budget ("Rental Project Budget") and the Retail Project Budget ("Retail Project Budget") are currently estimated to be Twenty Three Million Five Hundred Thirty Seven Thousand Four Hundred Forty Three and No/100 Dollars ($23,537,443) (together, the "Preliminary Mixed Use Project Budget"). The Mixed Use Developers shall provide the City with a Mixed Use Project MBE/WBE Budget ("Preliminary Mixed Use Project MBE/WBE Budget"), attached hereto as **Exhibit F**, representative of the combined Rental Project and Retail Project MBE/WBE amounts. The Mixed Use Project MBE/WBE Budget may designate hard and soft costs that shall be subject to the City's sole discretionary review and approval of such costs.

Not less than fourteen (14) days prior to the Simultaneous Closings Date, the Mixed Use Project Developers shall submit to DCD for approval a final Rental Project Budget, final Retail Project Budget, and final Mixed Use Project MBE/WBE Budget (together, the "Final Mixed Use Project Budgets") materially consistent with the Preliminary Mixed Use Project Budget and Preliminary Mixed Use Project MBE/WBE Budget, and evidence of funds adequate to finance the purchase of the Property and CHA Parcel and construct the Mixed Use Project ("Proof of Mixed Use Project Developers' Financing").

SECTION 9. CONDITIONS TO THE CITY'S OBLIGATION TO CLOSE.

This Agreement is not effective unless each of the following is satisfied at least seven (7) days prior to the Simultaneous Closings Date, or by such other date as may be specified, unless waived in writing by the Commissioner of DCD (the "Commissioner"):

9.1 Final Governmental Approvals. The Mixed Use Project Developers shall have delivered to the City evidence of all building permits for the Rental Project, foundation, core and shell permits for the Retail Project, and other final governmental approvals, including but not limited to all requisite zoning approvals, necessary to construct the Mixed Use Project or provide evidence or other information satisfactory to the City that such permits and governmental approvals are ready to be issued but for the Closing.

9.2 Mixed Use Developers' Agreements and Perpetual Easement. The Mixed Use Project Developers shall have delivered to the City (i) the reciprocal easement agreement or similar document govenring the use, sharing of costs and other operational issues arising from the Mixed Use Project and its ownership by more than one entity; (ii) a joint construction management or similar agreement governing the construction of the Mixed Use Project; (iii) the Perpetual Easement; and (iv) an intercreditor or similar agreement dealing with funding assurances by the providers of the Mixed Use Project Developers' Financing of funding for completion of the Mixed Use Project and also dealing with issues such as lender cure rights, protection of lien priority and funding procedures. All such agreements in (i), (ii), (iii) and (iv) shall be subject to review and approval by the City, which approval shall be in the City's sole discretion.

9.3 Budgets and Proof of Financing. City shall have approved the Final Mixed Use Project Budgets, as set forth in Section 8 herein, and Proof of Mixed Use Project Developers' Financing.

9.4 Simultaneous Transfers and Loan Closing. On the Simultaneous Closings Date, the Simultaneous Transfers shall occur and the Mixed Use Project Developers

shall simultaneously close on the Mixed Use Project Developers' Financing and be in a position to commence construction of the Mixed Use Project, as described in Section 12 herein.

9.5 Insurance. The Mixed Use Project Developers shall provide evidence of insurance on the Mixed Use Project as required by this Agreement, and the Retail Redevelopment Agreement, all as reasonably acceptable to the City. Prior to the issuance of a Certificate, the City shall be named as an additional insured on any liability insurance policies and as a loss payee (subject to the prior rights of any first mortgagee) on any property insurance policies from the Simultaneous Closings Date through the date the City issues the Certificate of Completion (as defined in Section 13). With respect to property insurance, the City will accept an ACORD 28 form. With respect to liability insurance, the City will accept an ACORD 25 form, together with a copy of all endorsements that are added to the Mixed Use Project Developers' respective policies showing the City as an additional insured.

9.6 Legal Opinions. The Mixed Use Project Developers shall have delivered to the City legal opinions for each of the Rental Project and Retail Project in a form reasonably acceptable to the City.

9.7 Due Diligence. The Mixed Use Project Developers shall each have delivered to the City due diligence searches in their respective names (UCC, State and federal tax lien, pending litigation and judgments in Cook County and the U.S. District Court for the Northern District of Illinois, and bankruptcy) showing no unacceptable liens, litigation, judgments or filings, as reasonably determined by the City's Corporation Counsel.

9.8 Organization and Authority Documents. The Mixed Use Project Developers shall each have delivered to the City, as applicable, the certified articles of incorporation, articles of organization, by-laws, resolutions, including all amendments thereto, of each of the respective Mixed Use Project Developers, as furnished and certified by the Secretary of State of the State of Illinois; and any other documents required to complete the transaction contemplated by this Agreement and to perform its obligations under this Agreement and the Retail Project Redevelopment Agreement; a Certificate of Good Standing dated no more than thirty (30) days prior to the Simultaneous Closings Date, issued by the Office of the Secretary of State of the State of Illinois, as to the good standing of each of the Mixed Use Project Developers; and such other organizational documents as the City may reasonably request.

9.9 Subordination Agreement. Prior to recording any mortgage approved pursuant to Section 9.2, the Mixed Use Project Developers shall deliver to the City subordination agreements substantially in the City's standard form (the "Subordination Agreements").

9.10 MBE/WBE and Local Hiring Compliance Plan. At least fourteen (14) days prior to the Simultaneous Closings Date, the Mixed Use Project Developers and the Mixed Use Project Developers' general contractor, which shall be the general contractor for both the Rental Project and Retail Project, and all major subcontractors shall meet with DCD staff's monitoring section regarding compliance with the MBE/WBE and local hiring requirements set forth in this Agreement pursuant to Section 23, and at least seven (7) days prior to the Simultaneous Closings Date, the City shall have approved the Mixed Use Project Developers' compliance plan in accordance with Section 23.

9.12 Representations and Warranties. On the Simultaneous Closings Date, each of the representations and warranties of each of the Mixed Use Project Developers in Section 24 and elsewhere in this Agreement shall be true and correct.

9.13 Other Obligations. On the Simultaneous Closings Date, the Mixed Use Project Developers shall each have performed all of the other obligations required to be performed by each of the Mixed Use Project Developers under this Agreement as and when required under this Agreement.

If any of the conditions in this Section 9 have not been satisfied to the City's reasonable satisfaction within the time period provided for herein, and are not waived by DCD, in the exercise of its sole discretion, the City may, at its option, terminate this Agreement by delivery of written notice to the Mixed Use Project Developers at any time after the expiration of the applicable time period, in which event this Agreement shall be null and void and, except as otherwise specifically provided, neither party shall have any further right, duty or obligation hereunder. Any forbearance by the City in exercising its right to terminate this Agreement upon a default hereunder shall not be construed as a waiver of such right.

SECTION 10. SITE PLANS AND ARCHITECTURAL DRAWINGS.

10.1. Site Plans. The Mixed Use Project Developers agree to construct the Mixed Use Project on the Property and CHA Parcel in accordance with the site plans and architectural drawings prepared by Stull and Lee Incorporated dated _____, and Nia Architects, Inc. dated _____, as all are attached hereto as **Exhibit G** which have been approved by DCD as of the date hereof and which are incorporated herein by reference ("Drawings"). No material deviation from the Drawings may be made without the prior written approval of DCD.

10.2. Relocation of Utilities, Curb Cuts and Driveways. To the extent necessary to complete the Mixed Use Project, the Mixed Use Project Developers shall be solely responsible for and shall pay all costs in regard to: (a) the relocation, installation or construction of public or private utilities, curb cuts and driveways; (b) the repair or reconstruction of any curbs, vaults, sidewalks or parkways required in connection with the Mixed Use Project Developers' redevelopment; (c) the removal of existing pipes, utility equipment or building foundations; and (d) the termination of existing water or other services. Any streetscaping, including any paving of sidewalks, landscaping and lighting provided by the Mixed Use Project Developers, as part of the Mixed Use Project must be approved by the City.

10.3. Inspection by the City. For the period commencing on the Simultaneous Closings Date and continuing through the date the City issues a Certificate(s) of Completion of the Mixed Use Project, any duly authorized representative of the City shall have access to the Property and CHA Parcel at all reasonable times for the purpose of determining whether the Mixed Use Project Developers are constructing the Mixed Use Project in accordance with the terms of this Agreement and all applicable federal, state and local statutes, laws, ordinances, codes, rules, regulations, orders and judgments, including, without limitation, Sections 7-28 and 11-4 of the Municipal Code of Chicago relating to waste disposal (collectively, "Laws").

10.4. Barricades and Signs. The Mixed Use Project Developers agree to erect such signs as the City may reasonably require identifying the Property as a City redevelopment project. The Mixed Use Project Developers may erect signs of their own incorporating such approved identification information upon the execution of this Agreement, prior to Simultaneous

Closings. Prior to the commencement of any construction activity requiring barricades, the Mixed Use Project Developers 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 shall have the right to approve all barricades, the maintenance, appearance, color scheme, painting, nature, type, content and design of all barricades, and all signage, which approval shall not be unreasonably withheld or delayed.

SECTION 11. LIMITED APPLICABILITY.

DCD's approval of the Drawings are for the purposes of this Agreement only and do not constitute the approval required by the City's Department of Buildings, or any other City department; nor does the approval by DCD pursuant to this Agreement constitute an approval of the quality, structural soundness or the safety of any improvements located or to be located on the Property. The approval given by DCD shall be only for the benefit of the Mixed Use Project Developers and any lienholder authorized by this Agreement.

SECTION 12. COMMENCEMENT AND COMPLETION OF PROJECT.

The conveyance of the Property to the Mixed Use Project Developers shall not occur unless and until the Mixed Use Project Developers are prepared to commence construction of the Mixed Use Project no later than thirty (30) days after the Simultaneous Closings Date. In no instance shall (a) the Simultaneous Closings Date occur later than the dates set forth in Section 4 herein, (b) construction commence of the Mixed Use Project later than June 1, 2011 and (c) the Mixed Use Project construction be completed later than December 31, 2012. DCD may, in its sole discretion, extend the dates in (b), (c), and (d) by up to six months each (i.e. 12 months, in aggregate) by issuing a written extension letter. The Mixed Use Project shall be constructed substantially in accordance with the Drawings and in accordance with all applicable laws, regulations and codes.

SECTION 13. CERTIFICATE OF COMPLETION.

Upon the completion of the applicable portion of the Mixed Use Project in accordance with this Agreement, each of the Mixed Use Project Developers shall request from the City a Certificate of Completion ("Certificate") in recordable form for each of the Rental Project and Retail Project. Failure of one Mixed Use Project Developer to meet the requirements for the issuance of a Certificate for its portion of the Mixed Use Project shall not bar the other Mixed Use Project Developer from obtaining a Certificate where it has met all of the requirements of this Agreement. Recordation of such Certificates shall constitute a conclusive determination of satisfaction and termination of certain covenants in this Agreement, the Deed, and Subsequent Transfer Deeds solely with respect to the obligations of any of the Mixed Use Project Developers to construct their respective portion of the Mixed Use Project. Within thirty (30) days after receipt of a written request by the respective Mixed Use Project Developer for a Certificate for their respective portion of the Mixed Use Project, the City shall provide the Mixed Use Project Developer requesting a Certificate with either the Certificate or a written statement indicating in adequate detail how the Mixed Use Project Developer failed to complete those portions of the Mixed Use Project in conformity with this Agreement, or is otherwise in default, and what measures or acts will be necessary, in the sole opinion of the City, for the Mixed Use Project Developer to take or perform in order to obtain the requested Certificate. If the City requires additional measures or acts to assure compliance, the Mixed Use Project Developer requesting a Certificate shall resubmit a written request for the Certificate upon compliance with

the City's response. Prior to issuance of a Certificate, the Mixed Use Project Developers shall not obtain any additional or replacement financing for the Mixed Use Project, in whole or in part, without the City's prior written consent, which such consent shall be in the City's sole discretion.

SECTION 14. RESTRICTIONS ON USE.

The Mixed Use Project Developers agree that:

14.1 They shall devote the Property and the CHA Parcel or any part thereof solely for constructing the Mixed Use Project, including dedicating seventy-five (75%) percent of the Rental Project to affordable housing, and for a use that complies with the Plan until the date the Plan expires.

14.2 The Mixed Use Project Developers shall not discriminate on the basis of race, color, sex, gender identity, age, religion, disability, national origin, ancestry, sexual orientation, marital status, parental status, military discharge status, or source of income in the sale, lease, rental, use or occupancy of the Property and CHA Parcel or any part thereof.

SECTION 15. PROHIBITION AGAINST TRANSFER OF PROPERTY.

Prior to the issuance of the Certificates for the respective Rental Project or Retail Project, and except as provided herein, the respective Mixed Use Project Developer shall not, without the prior written consent of DCD, which consent shall be in DCD's sole discretion: (a) directly or indirectly sell or convey (i) the real estate that comprises its portion of the Mixed Use Project or any part thereof or any interest therein, except for short term customary Retail Project leases for occupants of the Retail Project, or (ii) any of the Mixed Use Project Developers' controlling interests therein; or (b) directly or indirectly assign this Agreement. In the event of a proposed sale, the City shall be provided copies of any and all sales contracts, legal descriptions, descriptions of intended use, certifications from the proposed buyer regarding this Agreement and such other information as the City may reasonably request. The proposed buyer must be qualified to do business with the City (including but not limited to an Economic Disclosure Statement and anti-scofflaw requirement). Notwithstanding the foregoing, the Mixed Use Project Developers shall be permitted to encumber the Property in accordance with the terms of Section 16 hereof.

Notwithstanding the foregoing prohibition against transfers described in Section 15(a) above, any withdrawal, replacement and/or addition of any of the Oakwood's limited partners' general partners, shall be allowed by the City without the need to obtain the City's consent.

SECTION 16. LIMITATION UPON ENCUMBRANCE OF PROPERTY.

After the Simultaneous Transfers of the Property to Mixed Use Project Developers, and prior to the issuance of the Certificates for the respective Rental Project or the Retail Project, the respective Mixed Use Project Developer shall not, without DCD's prior written consent, which shall be in DCD's sole discretion, engage in any financing or other transaction which creates an encumbrance or lien on the Property, except for the purposes of obtaining (i) funds necessary to acquire the Property and the CHA Parcel; (ii) funds necessary to construct the Mixed Use Project in accordance with the financing approved by DCD pursuant to Section 8 and (iii) after construction, funds necessary to own, maintain and operate the Mixed Use Project in

accordance with the requirements of this Agreement.

SECTION 17. MORTGAGEES NOT OBLIGATED TO CONSTRUCT.

Notwithstanding any other provision of this Agreement, the Deed, or any Subsequent Transfer Deed, the holder of any mortgage authorized by this Agreement (or any affiliate of such holder) shall not itself be obligated to construct or complete the Mixed Use Project, or to guarantee such construction or completion, but shall be bound by the other covenants running with the land specified in Section 18 and the Perpetual Easement and, at the Simultaneous Closings, shall execute Subordination Agreements (as defined in Section 9.8). If any such mortgagee or its affiliate succeeds to any of the Mixed Use Project Developers' interest in the Property, or any portion thereof, prior to the issuance of the Certificate of Completion, whether by foreclosure, deed-in-lieu of foreclosure or otherwise, and thereafter transfers its interest in the Property, or any portion thereof, to another party, such transferee shall be obligated to complete the applicable portions of the Mixed Use Project in which it holds an interest as transferee, and shall also be bound by the other covenants running with the land specified in Section 18 and the Perpetual Easement .

SECTION 18. COVENANTS RUNNING WITH THE LAND.

The parties agree, and the Deed and the Subsequent Transfer Deeds shall all so expressly provide, that the covenants provided in Section 12 (Commencement and Completion of Project), Section 14 (Restrictions on Use), Section 15 (Prohibition Against Transfer of Property) and Section 16 (Limitation Upon Encumbrance of Property) will be covenants running with the land, binding on the Mixed Use Project Developers and their respective successors and assigns (subject to the limitations set forth in Section 17 above as to any permitted mortgagee) to the fullest extent permitted by law and equity for the benefit and in favor of the City, and shall be enforceable by the City. The covenants provided in Sections 12, 15 and 16 shall terminate with respect to the Rental Project and/or Retail Project, as applicable, upon the issuance of a final Certificate for the completed Rental Project and/or Retail Project. The covenants contained in Sections 14.1 shall terminate as of the date the Plan expires, which is December 31, 2026. The covenants contained in Section 14.2 shall have no expiration date. Upon request by the Mixed Use Project Developers for their respective portions of the Mixed Use Project, after the issuance of a final Certificate as applicable, the City will, at its sole discretion, which such discretion shall not be unreasonably withheld, issue a release of this Agreement subject to the continuing covenants contained in Sections 14.2, 21 and 22 and elsewhere in this Agreement.

SECTION 19. PERFORMANCE AND BREACH.

A. Time of the Essence. Time is of the essence in the Mixed Use Project Developers' performance of their obligations under this Agreement.

B. Permitted Delays. The Mixed Use Project Developers shall not be considered in breach of their obligations for their respective Rental Project or Retail Project under this Agreement in the event of a delay due to unforeseeable causes beyond such Mixed Use Project Developer's control and without such Mixed Use Project Developers' fault or negligence, including but not limited to, acts of God, acts of public enemies, acts of the United States government, fires, floods, epidemics, quarantine restrictions, strikes, embargoes and unusually severe weather or delays of subcontractors due to such causes. The time for the performance of the obligations shall be extended only for the period of the delay and only if the Mixed Use

Project Developers request it in writing of the City within twenty days after the beginning of any such delay.

C. Breach.

1. Generally. Subject to Section 19.B, if any of the Mixed Use Project Developers default in performing their obligations under this Agreement and the City shall deliver written notice of such default, the applicable Mixed Use Project Developer shall have a 60 day cure period to remedy such default from the City's delivery of such notice. If the default is not capable of being cured within the sixty day period, then provided the applicable Mixed Use Project Developer has commenced to cure the default and is diligently proceeding to cure the default within the sixty day period, and thereafter diligently prosecutes such cure through to completion, then the sixty day period shall be extended for the length of time that is reasonably necessary to cure the default. If the default is not cured in the time period provided for herein, the City may institute such proceedings at law or in equity as may be necessary or desirable to cure and remedy the default, including but not limited to, proceedings to compel specific performance.

No notice or cure period shall apply to a failure to close by the respective dates as set forth in Section 4 herein. Unless the failure to close is due to circumstances described in Section 19.B. above or caused by a breach by the City under the terms of this Agreement, such failure shall constitute an immediate "Event of Default". Failure to close by such Simultaneous Closings Date shall entitle the City to terminate this Agreement.

In the event that an Event of Default occurs under this Agreement, and if, as a result thereof, the City intends to exercise any right or remedy available to it that could result in the termination of this Agreement and re-vesting the Property in the City, the City shall send notice of such intended exercise to the parties identified in Section 29 and such Mixed Use Developer's lenders and the limited partner investor(s) in such Mixed Use Developer shall have the right (but not the obligation) to cure such an Event of Default within thirty (30) days after the expiration of the cure period, if any, granted to the Developer. If the default is not capable of being cured within the thirty (30) day period, then provided such Mixed Use Developer's lenders and the limited partner investor(s) in such Mixed Use Developer have commenced to cure the default and is diligently proceeding to cure the default within the thirty day period, and thereafter diligently prosecutes such cure through to completion, and funding for the Mixed Use Project continues, then the thirty day period shall be extended for the length of time that is reasonably necessary to cure the default. If the default is not cured in the time period provided for herein, the City may institute such proceedings at law or in equity as may be necessary or desirable to cure and remedy the default, including but not limited to, proceedings to compel specific performance.

2. Event of Default. The occurrence of any one or more of the following shall constitute an "Event of Default" after written notice from the City (if required) and the applicable cure or grace period (if any):

a. Any of the Mixed Use Project Developers fails to perform any obligation of any of the Mixed Use Project Developers under this Agreement; which default is not cured pursuant to Section 19.C.1; or

b. Any of the Mixed Use Project Developers makes or furnishes a warranty, representation, statement or certification to the City (whether in this Agreement, an Economic Disclosure Form, or another document) which is not true and correct, which default is not cured pursuant to Section 19.C.1; or

c. A petition is filed by or against any of the Mixed Use Project Developers under the Federal Bankruptcy Code or any similar state or federal law, whether now or hereinafter existing, which is not vacated, stayed or set aside within thirty days after filing; or

d. Except as excused by Section 19.B. above, any of the Mixed Use Project Developers abandons or substantially suspends the construction work (no notice or cure period shall apply);

e. Any of the Mixed Use Project Developers fail to timely pay real estate taxes or assessments affecting the Property or suffers or permits any levy or attachment, material suppliers' or mechanics' lien, or any other lien or encumbrance unauthorized by this Agreement to attach to the Property, which default is not cured pursuant to Section 19.C.1; or

f. Any of the Mixed Use Project Developers makes an assignment, pledge, unpermitted financing, encumbrance, transfer or other disposition in violation of this Agreement (no notice or cure period shall apply); or

g. Any of the Mixed Use Project Developers' financial condition, operations adversely changes to such an extent that would materially affect the completion the Mixed Use Project which default is not cured pursuant to Section 19.C.1; or

h. Any of the Mixed Use Project Developers fails to comply with the terms of any other written agreement, including but not limited to the Retail Project Redevelopment Agreement, entered into with the City with respect to the Mixed Use Project, which default is not cured pursuant to Section 19.C.1; and

i. Failure to close any of the Simultaneous Transfers by the respective dates as set forth in Section 4 herein (no notice shall apply), except as excused by Section 19.B. above.

3. Prior to Conveyance. Prior to Simultaneous Closings, if an Event of Default occurs and is continuing, the City may terminate this Agreement.

4. After Conveyance. After Simultaneous Closings, if an Event of Default occurs and is continuing, beyond the applicable cure period under Section 19.C.1., if any, the City, may exercise any and all remedies available to the City

at law or in equity, including but not limited to the immediate right to re-enter and take possession of the Property, terminate the estate conveyed to any of the Mixed Use Project Developers, revest title to the Property in the City, and shall require the respective Mixed Use Developers to execute a Deed of Reconveyance to the City; provided, however, that the revesting of title in the City shall be limited by, and shall not defeat, render invalid, or limit in any way, the lien of any mortgage authorized by this Agreement. Notwithstanding the foregoing, after the issuance of a Certificate for the completed Rental Project or completed Retail Project, the City's right of reverter for the completed Rental Project or completed Retail Project shall no longer be enforceable but the City shall be entitled to all other remedies, including, without limitation, specific enforcement of the covenants that run with the land that shall survive any termination and/or release of this Agreement.

5. Resale of the Property. Upon the revesting in the City of title to the Property as provided in Section 19.C.4. the City shall employ its best efforts to convey the Property (subject to any first mortgage lien permitted under this Section) to a qualified and financially responsible party (as solely determined by the City) who shall assume the obligation of completing the construction of the Mixed Use Project or such other improvements as shall be satisfactory to the City and complying with the covenants that run with the land, as specified in Section 18.

6. Disposition of Resale Proceeds. If the City sells the Property, the net proceeds from the sale shall be utilized to reimburse the City for:

a. unreimbursed costs and expenses incurred by the City in connection with the Property, including but not limited to, salaries of personnel in connection with the recapture, management and resale of the Property; and

b. all unpaid taxes, assessments, and water and sewer charges assessed against the Property; and

c. any payments made (including reasonable attorneys' fees) to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of the any of the Mixed Use Project Developers; and

d. any expenditures made or obligations incurred with respect to construction or maintenance of the Mixed Use Project; and

e. the fair market value of the land comprising the Property (without any Mixed Use Project or partially constructed Mixed Use Project thereon) as of such sale; and

f. any other amounts owed to the City by any of the Mixed Use Project Developers.

The Mixed Use Project Developers shall be entitled to receive any remaining proceeds up to the amount of any of the Mixed Use Project Developers' equity investment in the Property.

D. Waiver and Estoppel. Any delay by the City in instituting or prosecuting any actions or proceedings or otherwise asserting its rights shall not operate as a waiver of such rights or operate to deprive the City of or limit such rights in any way. No waiver made by the City with respect to any specific default by any of the Mixed Use Project Developers shall be construed, considered or treated as a waiver of the rights of the City with respect to any other defaults of any of the Mixed Use Project Developers.

Notwithstanding the foregoing, should either Oakwood or Arches be in compliance with the terms of this Agreement, as applicable, during a period of default by the other developer, then the non-defaulting party shall not be deemed to be in default hereunder and the City shall not pursue its default remedies against the non-defaulting party or its portion of the Mixed Use Project, so long as funding necessary for the construction of the Mixed Use Project continues.

SECTION 20. CONFLICT OF INTEREST; CITY'S AND DEVELOPER'S REPRESENTATIVES NOT INDIVIDUALLY LIABLE.

Each of the Mixed Use Project Developers, as applicable to their portion of the Mixed Use Project, warrants that no agent, official, or employee of the City shall have any personal interest, direct or indirect, in this Agreement or the Property, nor shall any such agent, official or employee participate in any decision relating to this Agreement which affects his or her personal interests or the interests of any entity or association in which he or she is directly or indirectly interested. No agent, official, or employee of the City shall be personally liable to any of the Mixed Use Project Developers or any of their respective successors in interest in the event of any default or breach by the City or for any amount which may become due to any of the Mixed Use Project Developers or their respective successors or on any obligation under the terms of this Agreement. It is expressly understood and agreed to by and between the parties hereto, anything herein to the contrary notwithstanding, that no individual member of any of the Mixed Use Project Developers, their respective officers, members of their respective board of directors, officials, agents, representatives or employees shall be personally liable for any of the Mixed Use Project Developers' obligations or any undertaking or covenant of any of the Mixed Use Project Developers contained in this Agreement.

SECTION 21. INDEMNIFICATION.

Each of the Mixed Use Project Developers agrees to indemnify, defend and hold the City harmless from and against any losses, costs, damages, liabilities, claims, suits, actions, causes of action and expenses (including, without limitation, reasonable attorneys' fees and court costs) suffered or incurred by the City arising from or in connection with the following, but only with respect to their respective portions of the Mixed Use Project: (i) an Event of Default that has occurred (irrespective of whether any cure period or extended cure period may be applicable); (ii) the failure of the Mixed Use Project Developers or any contractor to pay contractors, subcontractors or material suppliers in connection with the construction of the Mixed Use Project; (iii) the failure of the Mixed Use Project Developers to redress any misrepresentations or omissions in this Agreement or any other agreement relating hereto; and (iv) any actions, including but not limited to, conducting environmental tests on the Property as set forth in Section 22 herein, resulting from any activity undertaken by the Mixed Use Project Developers on the Property prior to or after the conveyance of said Property to the Mixed Use Project Developers by the City. The Mixed Use Project Developers' indemnifications shall survive any termination and/or release of this Agreement.

SECTION 22. ENVIRONMENTAL MATTERS.

The City makes no covenant, representation or warranty as to the environmental condition of the Property or the suitability of the Property for any purpose whatsoever, and each of the Mixed Use Project Developers agrees to accept the Property "AS IS".

Prior to the Simultaneous Closings, Mixed Use Project Developers shall have the right to request a single 30 day right of entry for the purpose of conducting environmental tests on the Property. If such a request is made, the City shall grant the Mixed Use Project Developers a right of entry for such purpose. The granting of the single right of entry, however, shall be contingent upon the Mixed Use Project Developers obtaining all necessary permits and the following types and amounts of insurance: a) commercial general liability insurance with a combined single limit of not less than $2,000,000.00 per occurrence for bodily injury, personal injury and property damage liability with the City named as an additional insured on a primary, noncontributory basis for any liability arising directly or indirectly from the environmental testing on the Property; b) automobile liability insurance with limits of not less than $2,000,000.00 per occurrence, combined single limit for bodily injury and property damage; and c) worker's compensation and occupational disease insurance in statutory amounts covering all employees and agents who are to do any work on the Property. All insurance policies shall be from insurance companies authorized to do business in the State of Illinois, and shall remain in effect until completion of all activity on the Property. The City shall be named as an additional insured on all policies. The Mixed Use Project Developers shall deliver duplicate policies or certificates of insurance to the City prior to commencing any activity on the Property. The Mixed Use Project Developers expressly understand and agree that any coverage and limits furnished by the Mixed Use Project Developers shall in no way limit the Mixed Use Project Developers' liabilities and responsibilities set forth in this Agreement.

The Mixed Use Project Developers agree to carefully inspect the Property and the CHA Parcel prior to the commencement of any activity on the Property and the CHA Parcel to make sure that such activity shall not damage surrounding property, structures, utility lines or any subsurface lines or cables. The Mixed Use Project Developers shall be responsible for the safety and protection of the public. The City reserves the right to inspect any work being done on the Property. The Mixed Use Project Developers' activities on the Property shall be limited to those reasonably necessary to perform the environmental testing. Upon completion of the work, the Mixed Use Project Developers agree to restore the Property to its original condition. The Mixed Use Project Developers shall keep the Property free from any and all liens and encumbrances arising out of any work performed, materials supplied or obligations incurred by or for the Mixed Use Project Developers, and agrees to indemnify and hold the City harmless against any such liens.

The Mixed Use Project Developers agree to deliver to the City a copy of each report prepared by or for the Mixed Use Project Developers regarding the environmental condition of the Property. If prior to the Simultaneous Closings, the Mixed Use Project Developers' environmental consultant determines that contamination exists on the Property to such an extent that the City and the Mixed Use Project Developers agree that the estimated cost of remediation (such estimated cost being determined by the consultant) is too excessive for the Mixed Use Project Developers, the Mixed Use Project Developers may declare this Agreement null and void by giving written notice thereof to the City. The Mixed Use Project Developers agree that a request to terminate this Agreement shall not be made until the City has reviewed all reports concerning the condition of the Property.

If after the Simultaneous Closings, the environmental condition of the Property is not in all respects entirely suitable for the use to which the Property is to be utilized, it shall be the sole responsibility and obligation of the Mixed Use Project Developers to take such action as is necessary to put the Property in a condition which is suitable for the intended use of the Property. The Mixed Use Project Developers each agree to waive, release and indemnify the City from any claims and liabilities relating to or arising from the environmental condition of the Property (including, without limitation, claims arising under CERCLA) and to undertake and discharge all liabilities of the City arising from any environmental condition which existed on the Property prior to the Simultaneous Closings.

SECTION 23. MIXED USE PROJECT DEVELOPERS' EMPLOYMENT OBLIGATIONS.

A. Employment Opportunity. The Mixed Use Project Developers agree, and shall contractually obligate any of their various contractors, subcontractors and any affiliate of the any of the Mixed Use Project Developers operating on the Property (collectively, the "Employers" and individually, an "Employer") to agree that with respect to the provision of services in connection with the construction of the Mixed Use Project on the Property or occupation of the Property during the construction period:

(i) Neither the Mixed Use Project Developers nor any 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, Section 2-160-010 et seq. of the Municipal Code of Chicago, as amended from time to time (the "Human Rights Ordinance"). The Mixed Use Project Developers and 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. The Mixed Use Project Developers and 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 Mixed Use Project Developers and each Employer, 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.

(ii) To the greatest extent feasible, the Mixed Use Project Developers and each Employer shall present opportunities for training and employment of low and moderate income residents of the City, and provide that contracts for work in connection with the construction of the Mixed Use Project be awarded to business concerns which are located in, or owned in substantial part by persons residing in, the City.

(iii) The Mixed Use Project Developers and each Employer shall comply with all federal, state and local equal employment and affirmative action statutes, rules and regulations, including, without limitation, the 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.

(iv) The Mixed Use Project Developers and 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.

(v) The Mixed Use Project Developers and each Employer shall include the foregoing provisions of subparagraphs (i) through (iv) in every contract entered into in connection with the construction of the Mixed Use 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.

(vi) Failure to comply with the employment obligations described in this Section 23 shall be a basis for the City to pursue remedies under the provisions of Section 19.

B. City Resident Employment Requirement. The Mixed Use Project Developers agree, and shall contractually obligate each Employer to agree, that during the construction of the Mixed Use Project, and they shall comply with the minimum percentage of total worker hours performed by actual residents of the City of Chicago as specified in Section 3-92-330 of the Municipal Code of Chicago (at least fifty percent of the total worker hours worked by persons on the construction of the Mixed Use Project shall be performed by actual residents of the City of Chicago); provided, however, that in addition to complying with this percentage, the Mixed Use Project Developers and each Employer shall be required to make good faith efforts to utilize qualified residents of the City of Chicago in both unskilled and skilled labor positions.

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

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

The Mixed Use Project Developers and the Employers shall provide for the maintenance of adequate employee residency records to ensure that actual Chicago residents are employed on the construction of the Project. The Mixed Use Project Developers and the Employers 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 DCD Commissioner 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 company hired the employee should be written in after the employee's name.

The Mixed Use Project Developers and the Employers shall provide full access to their employment records to the Chief Procurement Officer, the DCD Commissioner, the Superintendent of the Chicago Police Department, and the Inspector General, or any duly authorized representative thereof. The Mixed Use Project Developers and the Employers shall maintain all relevant personnel data and records for a period of at least three (3) years from and after the issuance of the Certificate(s) of Completion for the Mixed Use Project.

At the direction of DCD, the Mixed Use Project Developers and the Employers shall provide affidavits and other supporting documentation 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 Mixed Use Project Developers and the Employers to provide work for 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.

If the City determines that the Mixed Use Project Developers or an Employer failed to ensure the fulfillment of the requirements 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. If such non-compliance is not remedied in accordance with the breach and cure provisions of Section 19.C., the parties agree that 1/20 of 1 percent (0.0005%) of the aggregate hard construction costs set forth in the final Rental Project Budget and the final Retail Project Budget shall be surrendered by the Mixed Use Project Developers 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 any of the Mixed Use Project Developers and/or the other Employers or employees to prosecution.

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.

The Mixed Use Project Developers shall cause or require the provisions of this Section 23.B. to be included in all construction contracts and subcontracts related to the construction of the Project.

C. Mixed Use Project Developers ' MBE/WBE Commitment. The Mixed Use Project Developers agree for themselves and their successors and assigns, and, if necessary to meet the requirements set forth herein, shall contractually obligate their general contractors to agree that during the construction of the Mixed Use Project:

(i) Consistent with the findings which support, as applicable, (a) the Minority-Owned and Women-Owned Business Enterprise Procurement Program, Section 2-92-420 et seq., Municipal Code of Chicago (the "Procurement Program"), and (b) the Minority- and Women-Owned Business Enterprise Construction Program, Section 2-92-650 et seq., Municipal Code of Chicago (the "Construction Program," and collectively with the Procurement Program, the "MBE/WBE Program"), 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 22.C., during the course of the Mixed Use Project, the following percentages of the Mixed Use Project's MBE/WBE Budget shall be expended for contract participation by minority-owned businesses ("MBEs") and by women-owned businesses ("WBEs"): (1) At least 24% by MBEs; and (2) At least 4% by WBEs.

(ii) For purposes of this Section 23.C. only:

(a) The Mixed Use Project Developers (and any party to whom a contract is let by any of the Mixed Use Project Developers in connection with the Mixed Use Project) shall be deemed a "contractor" and this Agreement (and any contract let by any of the Mixed Use Project Developers in connection with the Mixed Use Project) shall be deemed a "contract" or a "construction contract" as such terms are defined in Sections 2-92-420 and 2-92-670, Municipal Code of Chicago, as applicable.

(b) The term "minority-owned business" or "MBE" 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, related to the Procurement Program or the Construction Program, as applicable.

(c) The term "women-owned business" or "WBE" 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, related to the Procurement Program or the Construction Program, as applicable.

(iii) Consistent with Sections 2-92-440 and 2-92-720, Municipal Code of Chicago, the Mixed Use Project Developers' MBE/WBE commitment may be achieved in part by the Mixed Use Project Developers' status as an MBE or WBE (but only to the extent of any actual work performed on the Mixed Use Project by any of the Mixed Use Project Developers) or by a joint venture with one or more MBEs or WBEs (but only to the extent of the lesser of (a) the MBE or WBE participation in such joint venture, or (b) the amount of any actual work performed on the Mixed Use Project by the MBE or WBE); by any of the Mixed Use Project Developers utilizing a MBE or a WBE as the general contractors (but only to the extent of any actual work performed on the Mixed Use Project by the general contractors); by subcontracting or causing the general contractors to subcontract a portion of the construction of the Mixed Use Project to one or more MBEs or WBEs; by the purchase of materials or services used in the construction of the Mixed Use

Project from one or more MBEs or WBEs; or by any combination of the foregoing. Those entities which constitute both an MBE and a WBE shall not be credited more than once with regard to the Mixed Use Project's MBE/WBE commitment as described in this Section 22.C. In accordance with Section 2-92-730, Municipal Code of Chicago, the Mixed Use Project Developers shall not substitute any MBE or WBE general contractors or subcontractors without the prior written approval of DCD.

(iv) The Mixed Use Project Developers shall deliver quarterly reports to the City's monitoring staff during the Mixed Use Project describing their 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 Mixed Use Project Developers or the general contractors to work on the Mixed Use Project, and the responses received from such solicitation, the name and business address of each MBE or WBE actually involved in the Mixed Use 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 City's monitoring staff in determining the Mixed Use Project Developers' compliance with this MBE/WBE commitment. The Mixed Use Project Developers shall maintain records of all relevant data with respect to the Mixed Use Project Developers' utilization of MBEs and WBEs in connection with the Mixed Use Project for at least five years after completion of the Mixed Use Project, and the City's monitoring staff shall have access to all such records maintained by the, on five business days notice, to allow the City to review the Mixed Use Project Developers' compliance with its commitment to MBE/WBE participation and the status of any MBE or WBE performing any portion of the Mixed Use Project.

(v) Upon the disqualification of any MBE or WBE general contractors or subcontractors, if such status was misrepresented by the disqualified party, the Mixed Use Project Developers shall be obligated to discharge or cause to be discharged the disqualified general contractors or subcontractors, and, if possible, identify and engage a qualified MBE or WBE as a replacement. For purposes of this subsection (v), the disqualification procedures are further described in Sections 2-92-540 and 2-92-730, Municipal Code of Chicago, as applicable.

(vi) Any reduction or waiver of any of the Mixed Use Project's MBE/WBE commitment as described in this Section 22.C. shall be undertaken in accordance with Sections 2-92-450 and 2-92-730, Municipal Code of Chicago, as applicable.

(vii) Prior to the commencement of the Mixed Use Project, the Mixed Use Project Developers shall meet with the City's monitoring staff with regard to the Mixed Use Project Developers' compliance with their obligations under this Section 23.C. The general contractors and all major subcontractors shall be required to attend this pre-construction meeting. During said meeting, the Mixed Use Project Developers shall demonstrate to the City's monitoring staff their plan to achieve their obligations under this Section 23.C, the sufficiency of which shall be approved by the City's monitoring staff. During the Mixed Use Project, the Mixed Use Project Developers shall submit the documentation required by this Section 23.C. to the City's monitoring staff, including the following: (a) MBE/WBE utilization plan and record; (b)

subcontractor's activity report; (c) contractor's certification concerning labor standards and Davis-Bacon Act requirements for the entire Mixed Use Project; (d) contractor letter of understanding; (e) monthly utilization report; (f) authorization for payroll agent; (g) certified payroll; (h) evidence that MBE/WBE contractor associations have been informed of the Mixed Use Project via written notice and hearings; and (i) evidence of compliance with job creation requirements. Failure to submit such documentation on a timely basis, or a determination by the City's monitoring staff, upon analysis of the documentation, that any of the Mixed Use Project Developers is not complying with its obligations under this Section 23.C., shall, upon the delivery of written notice to the Mixed Use Project Developers, be deemed an Event of Default. 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 Mixed Use Project Developers to halt the Mixed Use Project, (2) withhold any further payment of any City funds to the Mixed Use Project Developers or the general contractors, or (3) seek any other remedies against any of the Mixed Use Project Developers available at law or in equity.

SECTION 24. REPRESENTATIONS AND WARRANTIES.

24.1 Representations and Warranties of the Developer. To induce the City to execute this Agreement and perform their respective obligations hereunder, each of the Mixed Use Project Developers, for and with respect to itself only, hereby represents and warrants to the City that as of the date of this Agreement and as of the Simultaneous Closings Date the following shall be true and correct in all respects:

(a) The Mixed Use Project Developers are business entities duly organized, validly existing and in good standing under the laws of the State of Illinois with full power and authority to acquire, own and redevelop the Property and the CHA Parcel, and the persons signing this Agreement on behalf of each of the respective Mixed Use Project Developers has the authority to do so.

(b) All certifications and statements contained in the Economic Disclosure Statements last submitted to the City by each of the Mixed Use Project Developers (and any legal entity holding an interest in any of the Mixed Use Project Developers) are true, accurate and complete.

(c) The Mixed Use Project Developers' respective execution, delivery and performance of this Agreement and all instruments and agreements contemplated hereby will not, upon the giving of notice or lapse of time, or both, result in a breach or violation of, or constitute a default under, any other agreement to which any of the Mixed Use Project Developers, or any party affiliated with any of the Mixed Use Project Developers, is a party or by which any of the Mixed Use Project Developers or the Property is bound.

(d) To the best of each of the Mixed Use Project Developers' knowledge, no action, litigation, investigation or proceeding of any kind is pending or threatened against any of the Mixed Use Project Developers, or any party affiliated with any of the Mixed Use Project Developers, and any of the Mixed Use Project Developers knows of no facts which could give rise to any such action, litigation, investigation or proceeding, which could: (i) affect the ability of any of the Mixed Use Project

Developers to perform its obligations hereunder; or (ii) materially affect the operation or financial condition of any of the Mixed Use Project Developers.

(e) To the best of the respective Mixed Use Project Developers' knowledge, the Mixed Use Project will not violate: (i) any Laws, including, without limitation, any zoning and building codes and environmental regulations; or (ii) any building permit, restriction of record or other agreement affecting the Property.

24.2 Representations and Warranties of the City. To induce the Mixed Use Project Developers to execute this Agreement and perform their respective obligations hereunder, the City hereby represents and warrants to the Mixed Use Project Developers that the City has authority under its home rule powers to execute and deliver this Agreement and perform the terms and obligations contained herein.

24.3 Survival of Representations and Warranties. Each of the parties agrees that all of its representations and warranties set forth in this Section 24 or elsewhere in this Agreement are true as of the date of this Agreement and will be true in all material respects at all times thereafter, except with respect to matters which have been disclosed in writing and approved by the other party.

SECTION 25. PROVISIONS NOT MERGED WITH DEED.

The provisions of this Agreement shall not be merged with the Deed, and the delivery of the Deed shall not be deemed to affect or impair the provisions of this Agreement.

SECTION 26. HEADINGS.

The headings of the various sections of this Agreement have been inserted for convenient reference only and shall not in any manner be construed as modifying, amending, or affecting in any way the express terms and provisions thereof.

SECTION 27. ENTIRE AGREEMENT.

This Agreement constitutes the entire agreement between the parties and supersedes and replaces completely any prior agreements between the parties with respect to the subject matter hereof. This Agreement may not be modified or amended in any manner other than by supplemental written agreement executed by the parties.

SECTION 28. SEVERABILITY.

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

SECTION 29. NOTICES.

Any notice, demand or communication required or permitted to be given hereunder shall be given in writing at the addresses set forth below by any of the following means: (a) personal service; (b) electronic communications, whether by email or facsimile, provided that there is written confirmation of such communications; (c) overnight courier; or (d) registered or certified first class mail, postage prepaid, return receipt requested:

If to the City:	City of Chicago Department of Community Development 121 North LaSalle Street Room 1000 - City Hall Chicago, Illinois 60602
With a copy to:	City of Chicago Department of Law 121 North LaSalle Street Room 600 Chicago, Illinois 60602 Attn: Deputy Corporation Counsel Real Estate and Land Use Division
If to TCB:	The Community Builders, Inc. One North LaSalle Street, Suite 1200 Chicago, Illinois 60602 Attention: Midwest Regional Counsel
With a copy to:	Applegate & Thorne-Thomsen 322 South Green Street, Suite 400 Chicago, Illinois 60607 Attention: Ben Applegate
If to Oakwood:	Oakwood Shores Terrace Associates, Limited Partnership One North LaSalle Street, Suite 1200 Chicago, Illinois 60602 Attention: Midwest Director of Development
With a copy to:	Applegate & Thorne-Thomsen 322 South Green Street, Suite 400 Chicago, Illinois 60607 Attention: Ben Applegate

And with a copy to: _____
_____
_____
_____

If to Arches: Arches Retail Development, LLC
330 S. Wells Street, Suite 400
Chicago, Illinois 60606
Attention:

With a copy to: DLA Piper US LLP
203 North LaSalle Street
14th Floor
Chicago, Illinois 60601
Attention: Robert Goldman and Andrew Scott

And with a copy to: _____
_____
_____
_____

Any notice, demand or communication given pursuant to either clause (a) or (b) hereof shall be deemed received upon such personal service or upon dispatch by electronic means, respectively, provided that such electronic dispatch is confirmed as having occurred prior to 5:00 p.m. on a business day. If such dispatch occurred after 5:00 p.m. on a business day or on a non-business day, it shall be deemed to have been given on the next business day. Any notice, demand or communication given pursuant to clause (c) shall be deemed received on the day immediately following deposit with the overnight courier. Any notice, demand or communication sent pursuant to clause (d) shall be deemed received three business days after mailing. The parties, by notice given here-under, may designate any further or different addresses to which subsequent notices, demands or communications shall be given.

SECTION 30. ORGANIZATION AND AUTHORITY.

Each of the Mixed Use Project Developers represents and warrants that it is duly organized, validly existing under the laws of the State of Illinois, and as it pertains to TCB, licensed to transact business in Illinois, with full power and authority to acquire, own and redevelop the Property and the CHA Parcel, and that the persons signing this Agreement on behalf of the respective Mixed Use Project Developers has the authority to do so.

SECTION 31. SUCCESSORS AND ASSIGNS.

Except as otherwise provided in this Agreement, the terms and conditions of this Agreement shall apply to and bind the successors and assigns of the parties.

SECTION 32. TERMINATION.

In the event that the Simultaneous Closings have not occurred by the Simultaneous Closings Dates, or any extensions thereof in DCD's sole discretion, defined herein, then the City may terminate this Agreement upon written notice to the Mixed Use Project Developers.

SECTION 33. RECORDATION OF AGREEMENT.

Any of the parties may record this Agreement at the Office of the Cook County Recorder of Deeds. The Mixed Use Developers shall pay the recording fees.

SECTION 34. CONSENT AND APPROVAL.

Except where otherwise specified, whenever the consent or approval of the City is required hereunder, such consent or approval shall not be unreasonably withheld or delayed.

SECTION 35. OTHER ACTS

The parties agree to perform such other acts and to execute, acknowledge and deliver such other instruments, documents and materials as may be reasonably necessary to consummate the transactions contemplated by this Agreement.

SECTION 36. BUSINESS RELATIONSHIPS.

Each of the Mixed Use Project Developers acknowledges (A) receipt of a copy of Section 2-156-030 (b) of the Municipal Code of Chicago, (B) that it 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 the person with whom an elected official has a Business Relationship, and (c) notwithstanding anything to the contrary contained in this Agreement, 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 Mixed Use Project Developers hereby represent and warrant that no violation of Section 2-156-030 (b) has occurred with respect to this Agreement or the transactions contemplated hereby.

SECTION 37. PATRIOT ACT CERTIFICATION. Each of the Mixed Use Project Developers represents and warrants that neither any of the Mixed Use Project Developers nor any Affiliate thereof (as defined in the next paragraph) is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce or their successors, or on any other list of persons or entities with which the City may not do business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List

As used in the above paragraph, an "Affiliate" shall be deemed to be a person or entity related to any of the Mixed Use Project Developers that, directly or indirectly, through one or

more intermediaries, controls, is controlled by or is under common control with any of the Mixed Use Project Developers, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.

SECTION 38. PROHIBITION ON CERTAIN CONTRIBUTIONS-MAYORAL EXECUTIVE ORDER NO. 05-1.

Each of the Mixed Use Project Developers agrees that the respective Mixed Use Project Developers, any person or entity who directly or indirectly has an ownership or beneficial interest in Mixed Use Project Developers of more than 7.5 percent ("Owners"), spouses and domestic partners of such Owners, Mixed Use Project Developers' contractors (i.e., any person or entity in direct contractual privity with Mixed Use Project Developers regarding the subject matter of this Agreement) ("Contractors"), any person or entity who directly or indirectly has an ownership or beneficial interest in any Contractor of more than 7.5 percent ("Sub-owners") and spouses and domestic partners of such Sub-owners (the respective Mixed Use Project Developers and all the other preceding classes of persons and entities are together, the "Identified Parties"), shall not make a contribution of any amount to the Mayor of the City of Chicago (the "Mayor") or to his political fundraising committee (i) after execution of this Agreement by Mixed Use Project Developers, (ii) while this Agreement or any Other Contract is executory, (iii) during the term of this Agreement or any Other Contract between the respective Mixed Use Project Developers and the City, or (iv) during any period while an extension of this Agreement or any Other Contract is being sought or negotiated.

Each of the Mixed Use Project Developers represents and warrants that from the later to occur of (a) February 10, 2005, and (b) the date the City approached the respective Mixed Use Project Developers or the date the respective Mixed Use Project Developers approached the City, as applicable, regarding the formulation of this Agreement, no Identified Parties have made a contribution of any amount to the Mayor or to his political fundraising committee.

Each of the Mixed Use Project Developers agrees that it shall not: (a) coerce, compel or intimidate its employees to make a contribution of any amount to the Mayor or to the Mayor's political fundraising committee; (b) reimburse its employees for a contribution of any amount made to the Mayor or to the Mayor's political fundraising committee; or (c) Bundle or solicit others to bundle contributions to the Mayor or to his political fundraising committee.

Each of the Mixed Use Project Developers agrees that the Identified Parties must not engage in any conduct whatsoever designed to intentionally violate this provision or Mayoral *Executive Order No. 05-1 or to entice, direct or solicit others to intentionally violate this provision* or Mayoral Executive Order No.
05-1.

Each of the Mixed Use Project Developers agrees that a violation of, non-compliance with, misrepresentation with respect to, or breach of any covenant or warranty under this provision or violation of Mayoral Executive Order No. 05-1 constitutes a breach and default under this Agreement, and under any Other Contract for which no opportunity to cure will be granted, unless the City, in its sole discretion, elects to grant such an opportunity to cure. Such breach and default entitles the City to all remedies (including without limitation termination for default) under this Agreement, under any Other Contract, at law and in equity. This provision amends any Other Contract and supersedes any inconsistent provision contained therein.

If any of the Mixed Use Project Developers intentionally violates this provision or Mayoral Executive Order No. 05-1 prior to the closing of this Agreement, the City may elect to decline to close the transaction contemplated by this Agreement.

For purposes of this provision:

"Bundle" means to collect contributions from more than one source, which is then delivered by one person to the Mayor or to his political fundraising committee.

"Other Contract" means any other agreement with the City of Chicago to which any of the Mixed Use Project Developers is a party that is (i) formed under the authority of chapter 2-92 of the Municipal Code of Chicago; (ii) entered into for the purchase or lease of real or personal property; or (iii) for materials, supplies, equipment or services which are approved or authorized by the City Council of the City of Chicago.

"Contribution" means a "political contribution" as defined in Chapter 2-156 of the Municipal Code of Chicago, as amended.

Individuals are "Domestic Partners" if they satisfy the following criteria:

(A) they are each other's sole domestic partner, responsible for each other's common welfare; and

(B) neither party is married; and

(C) the partners are not related by blood closer than would bar marriage in the State of Illinois; and

(D) each partner is at least 18 years of age, and the partners are the same sex, and the partners reside at the same residence; and

(E) two of the following four conditions exist for the partners:

1. The partners have been residing together for at least 12 months.
2. The partners have common or joint ownership of a residence.
3. The partners have at least two of the following arrangements:
   a. joint ownership of a motor vehicle;
   b. a joint credit account;
   c. a joint checking account;
   d. a lease for a residence identifying both domestic partners as tenants.
4. Each partner identifies the other partner as a primary beneficiary in a will.

"Political fundraising committee" means a "political fundraising committee" as defined in Chapter 2-156 of the Municipal Code of Chicago, as amended.

SECTION 39. COOPERATION WITH OFFICE OF COMPLIANCE.

In accordance with Chapter 2-26-010 *et seq.* of the Municipal Code, each of the Mixed Use Project Developers acknowledges that every officer, employee, department and agency of the City shall be obligated to cooperate with the Executive Director of the Office of Compliance in connection with any activities undertaken by such office with respect to this Agreement, including, without limitation, making available to the Executive Director the department's

premises, equipment, personnel, books, records and papers. Each of the Mixed Use Project Developers agrees to abide by the provisions of Chapter 2-26-010 *et seq.*

SECTION 40. COUNTERPARTS.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute a single, integrated instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on or as of the date first above written.

CITY OF CHICAGO,
an Illinois municipal corporation

By: _____
Christine A. Raguso,
Acting Commissioner
Department of Community Development

THE COMMUNITY BUILDERS, INC.,
a Massachusetts limited liability company
licensed to transact business in Illinois
as TCB Illinois NFP, Inc.

By: _____
Name: _____
Its: _____

OAKWOOD SHORES TERRACE ASSOCIATES LIMITED PARTNERSHIP,
an Illinois limited partnership

By: OAKWOOD SHORES TERRACE GP L.L.C.,
an Illinois limited liability company, and its sole general partner

By: _____
Name: _____
Its: _____

ARCHES RETAIL DEVELOPMENT LLC, an Illinois limited liability company

By: Granite Madden Wells Retail, LLC, an Illinois limited liability company and its managing member

By: _____
Name: _____
Its: _____

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, _____, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Christine A. Raguso, personally known to me to be the Acting Commissioner of the Department of Community Development of the City of Chicago, an Illinois municipal corporation, 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 being first duly sworn by me acknowledged that as the Acting Commissioner, she signed and delivered the instrument pursuant to authority given by the City of Chicago, as her free and voluntary act and as the free and voluntary act and deed of the corporation, for the uses and purposes therein set forth.

GIVEN under my notarial seal this _____ day of _____, 20__.

_____
NOTARY PUBLIC

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, _____, a Notary Public in and for said County, in the State aforesaid, do hereby certify that _____, 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 being first duly sworn by me acknowledged that as _____, he signed and delivered the instrument pursuant to authority given by the _____ as his free and voluntary act and as the free and voluntary act and deed of the _____, for the uses and purposes therein set forth.

GIVEN under my notarial seal this ____ day of _____, 20__.

_____
NOTARY PUBLIC

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, _____, a Notary Public in and for said County, in the State aforesaid, do hereby certify that _____, 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 being first duly sworn by me acknowledged that as _____ _____, he signed and delivered the instrument pursuant to authority given by the _____ _____ as his free and voluntary act and as the free and voluntary act and deed of the _ _____, for the uses and purposes therein set forth.

GIVEN under n notarial seal this ____ day of _____, 20__.

_____
NOTARY PUBLIC

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, _____, a Notary Public in and for said County, in the State aforesaid, do hereby certify that _____, 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 being first duly sworn by me acknowledged that as _____, he signed and delivered the instrument pursuant to authority given by the _____ as his free and voluntary act and as the free and voluntary act and deed of the _____, for the uses and purposes therein set forth.

GIVEN under my notarial seal this ____ day of _____, 20__.

_____
NOTARY PUBLIC

(Sub)Exhibit "D".
(To Agreement For Sale And Redevelopment Of Land)

Narrative Description Of Project.

The Mixed Use Developers will construct a Mixed Use Project, as defined herein, that shall consist of forty-eight (48) residential dwelling units of which thirty-six (36) units or seventy-five percent (75%) will be affordable housing units for household earning no more than sixty percent (60%) of the area median income.

The Mixed Use Project shall also include a commercial development consisting of twenty-eight thousand (28,000) square feet of commercial space whereby with at least fifty percent (50%) commercial space operated by medical or medical-related service providers, as permitted by the applicable zoning requirements.

The Mixed Use Project shall qualify for over three hundred (300) points on the Chicago Green Homes checklist and will be submitted for permits under the Green Homes Program.

The environmental features of the Mixed Use Project shall include permeable paving, a bioswale, an energy star roof, insulated walls to R-19, and insulated roof to R-49.

The Mixed Use Project shall create approximately two hundred (200) temporary jobs during construction. The commercial portion of the Mixed Use Project will create approximately forty-five (45) permanent jobs in the commercial office space. There shall be one (1) maintenance position created for the residential portion of the Mixed Use Project.

Exhibit "E".
(To Ordinance)

Perpetual Easement Legal Description.

That part of Lot 66 in Ellis' East Addition to Chicago together with that part of Lots 6, 7, 13, and 14, in Assessor's Division of Lots 63, 64 and 65 in Ellis' East Addition to Chicago, taken as a tract, in the southeast quarter of Section 34 and Fractional Section 35, Township 39 North, Range 14 East of the Third Principal Meridian, described as follows:

commencing at the point of intersection of the north line of East 38th Street, being also the north line of Madden Wells Subdivision, with the east line of the 80 foot wide South Cottage Grove Avenue; thence north 69 degrees, 56 feet, 33 inches east, along the north line of East 38th Street, aforesaid, 260.00 feet; thence north 19 degrees, 58 feet, 00 inches west, 196.58 feet to the point of beginning; thence north 69 degrees, 59 feet, 33 inches east, 78.39 feet to the west line of the 66 foot wide South Ellis Avenue; thence

north 22 degrees, 04 feet, 47 inches west, along the west line of South Ellis Avenue, aforesaid, 20.66 feet to the A bend therein; being the southeast corner of said Lot 6; thence north 22 degrees, 04 feet, 47 inches west, along the west line of South Ellis Avenue, aforesaid, 3.36 feet; thence south 69 degrees, 56 feet, 33 inches west, 337.50 feet to the east line of South Cottage Grove Avenue, aforesaid; thence south 19 degrees, 58 feet, 00 inches east, 24.00 feet; thence north 69 degrees, 56 feet, 33 inches east, 260.00 feet to the point of beginning, in Cook County, Illinois.

Exhibit "F".
(To Ordinance)

Loan And Additional Financing Terms.

Borrower:	Oakwood Shores Terrace Associates Limited Partnership, an Illinois limited partnership with Oakwood Shores Terraces GP L.L.C., an Illinois limited liability company, as the sole general partner (the "General Partner") and others to be hereafter selected as the limited partners.		
Project:	Acquisition and construction of a building located 3753 -- 3755 South Cottage Grove Avenue, Chicago, Illinois (the "Property") and of approximately thirty-six (36) dwelling units contained therein for low- and moderate-income families.		
Loan:		Source:	Multi-Family Program Funds.
		Amount:	Not to exceed $2,085,814.
		Term:	Not to exceed 42 years or such other terms acceptable to the Authorized Officer.
		Interest:	Not to exceed four percent per annum or such other interest rate acceptable to the Authorized Office.
		Security:	Non-recourse loan; junior mortgage on the Property.
Additional Financing:	1.	Amount:	Approximately $345,000 or such other amount to which the Authorized Officer may consent.
		Term:	Not to exceed 42 years or such other term acceptable to the Authorized Officer.

Source: IFF or such other entity as may be acceptable to the Authorized Officer.

Interest: Not to exceed eight percent per annum or such other interest rate acceptable to the Authorized Officer.

Security: First mortgage on the Property senior to the lien of the Mortgage.

2. Amount: Not to exceed $3,571,895 or such other amount to which the Authorized Officer may consent.

Term: Not to exceed 42 years or such other term acceptable to the Authorized Officer.

Source: Chicago Housing Authority, or such other entity as may be acceptable to the Authorized Officer.

Interest: Zero percent per annum or such other interest rate acceptable to the Authorized Officer.

Security: Second Mortgage on the Property senior to the lien of the Mortgage.

3. Amount: $7,923,896 or such other amount to which the Commissioner may consent (the "Bridge Loan").

Term: Not to exceed 30 months or such other term as is acceptable to the Commissioner.

Source: JPMorgan Chase or an entity acceptable to the Commissioner.

Interest: Not to exceed nine percent per annum or such other interest rate acceptable to the Commissioner.

Security: Mortgage(s) on the Property senior to the lien of the Mortgage.

4. Amount: Approximately $1,048,350 or such other amount to which the Authorized Officer may consent.

Source: Illinois Affordable Housing Tax Credits proceeds loaned by The Community Builders, Inc. or other entity acceptable to the Authorized Officer.

Term: Not to exceed 42 years or such other term acceptable to the Authorized Officer.

Interest: An interest rate acceptable to the Authorized Officer.

Security: A mortgage on the Property junior to the lien of the Mortgage.

5. Low-Income Housing Tax Credit ("L.I.H.T.C.")

Proceeds: Approximately $7,923,896 or such other amount to which the Authorized Officer may consent.

Source: To be derived from the syndication of approximately $1,100,651 L.I.H.T.C. to be annually allocated by the City.

6. Amount: $100.

Source: General Partner.

Exhibit "G".
(To Ordinance)

Fee Waivers.

Department Of Construction And Permits.

Waiver of Plan Review, Permit and Inspection Fees:

A. Building Permit:

Zoning.

Construction/Architectural/Structural Internal Plumbing.

H.V.A.C.

Water for Construction.

Smoke Abatement.

B. Electrical Permit:

Service and Wiring.

C. Elevator Permit (if applicable).

D. Wrecking Permit (if applicable).

E. Fencing Permit (if applicable).

F. Fees for the review of building plans for compliance with accessibility codes by the Mayor's Office for People with Disabilities imposed by Section 13-32-310(2) of the Municipal Code of Chicago.

Department Of Water Management.

Tap Fees.

Cut and Seal Fees.
(Fees to purchase B-boxes and remote readouts are not waived.)

Permit (connection) and Inspection Fees.

Sealing Permit Fees.

Department Of Transportation.

Street Opening Fees.

Driveway Permit Fees.

Use of Public Way Fees.

Exhibit "H".
(To Ordinance)

Arches Retail Development L.L.C.
Redevelopment Agreement.

This Redevelopment Agreement (the "Agreement") is made as of this ____ day of _____, 2010, by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Community Development ("DCD"), and Arches Retail Development LLC, an Illinois limited liability company (the "Developer").

RECITALS

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

B. Statutory Authority: The City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended (the "Act"), to finance the redevelopment of conservation areas.

C. City Council Authority: To induce redevelopment pursuant to the Act, the City Council of City (the "City Council") adopted the following ordinances on November 6, 2002: (1) "An Ordinance of the City of Chicago, Illinois, Approving a Redevelopment Plan for the Madden/Wells Tax Increment Financing Redevelopment Project Area;" (2) "An Ordinance of the City of Chicago, Illinois, Designating the Madden/Wells Tax Increment Financing Redevelopment Project Area a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act;" and (3) "An Ordinance of the City of Chicago, Illinois, Adopting Tax Increment Allocation Financing for the Madden/Wells Tax Increment Financing Redevelopment Project Area Project". Collectively, these ordinances shall be referred to herein as the "TIF Ordinances." The redevelopment project area (the "Redevelopment Area") is legally described in Exhibit A hereto.

D. The Project: The Developer will acquire rights to portions of certain real property parcels located in the Redevelopment Area and legally described on Exhibit B-1 and depicted on Exhibit B-2 (each parcel individually, and the sites collectively, the "Retail Property"). The Developer will also acquire certain easements with respect to certain real property parcels adjacent to the Retail Property for purposes of site preparation and remediation, which parcels are legally described on Exhibit B-3 (the "Housing Property", and together with the Retail Property, the "Property"). Within the time frames set forth in Section 3.01 hereof, the Developer shall commence and complete the construction of approximately 28,000 square feet of retail space (the "Facility") on the Retail Property for use as a medical clinic, medical suites and offices as set forth hereinafter. The Facility and improvements related to the retail space are referred to herein as the "Project".

E. The Housing Project: A project to construct housing units on the Housing Property is being undertaken pursuant to a Real Estate Redevelopment Agreement of even date herewith among the City, Arches, Oakwood Shores Terrace Associates Limited Partnership and The Community Builders, Inc. (the "Housing Agreement").

F. Redevelopment Plan: The Project will be carried out in accordance with this

Agreement and the City of Chicago Madden/Wells Tax Increment Financing Redevelopment Project and Plan (the "Redevelopment Plan") attached hereto as Exhibit C.

G. City Financing: Pursuant to the terms and conditions of this Agreement, the City will pay or reimburse the Developer for the TIF-Funded Improvements and TIF-Funded Interest Costs (as defined below) from Available Incremental Revenues (the "City Funds") in the manner set forth in the TIF Ordinances (as defined below).

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 Paragraph B of the Recitals hereto.

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

"Available Incremental Revenues" shall mean 90% of those Incremental Taxes deposited in the Incremental Taxes Fund attributable to the taxes levied on the Property, to the extent available, allocated by the City in each fiscal year for payment of the TIF-Funded Improvements.

"Annual Compliance Report" shall mean a signed report from the Developer to the City (a) itemizing each of the Developer's obligations under this Agreement during the preceding calendar year, (b) certifying the Developer's compliance or noncompliance with such obligations, (c) attaching evidence (whether or not previously submitted to the City) of such compliance or noncompliance and (d) certifying that the Developer is not in default with respect to any provision of this Agreement, the agreements evidencing the Lender Financing, if any, or any related agreements; provided, that the obligations to be covered by the Annual Compliance Report shall include the following: (1) delivery of Financial Statements and unaudited financial statements (Section 8.08); (2) delivery of updated insurance certificates, if applicable (Section 8.12); (3) delivery of evidence of payment of Non-Governmental Charges, if applicable (Section 8.13); (4) delivery of Occupancy Reports (Section 8.15); and (5) compliance with all other executory provisions of this Agreement.

"City Funds" has the meaning defined in Section 4.03(b).

"City Note 1" means the tax-exempt City of Chicago Tax Increment Allocation Revenue Obligation Madden/Wells Redevelopment Project Area (Arches Retail Development LLC Redevelopment Project), Registered No. R-1 Tax Exempt Series A to be in the form attached hereto as Exhibit D-1B and otherwise in accordance with the terms set forth in Section 4.03(d), in the maximum principal amount of $1,950,000, subject to reduction as set forth in Section 4.03 herein,

issued by the City to the Developer as of the City Note A Refunding Date. The payment of the amounts due under City Note 1 will be secured only by Available Incremental Taxes, unless the City, in its sole discretion, elects to use other legally available funds to make payments with respect to City Note 1.

"City Note 1 Lock-Out Period" has the meaning defined in Section 4.03(d).

"City Note 2" means the taxable City of Chicago Tax Increment Allocation Revenue Note Madden/Wells Redevelopment Project Area (Arches Retail Development LLC Redevelopment Project), Registered No. R-2 Taxable Series B to be in the form attached hereto as Exhibit D-2 and otherwise in accordance with the terms set forth in Section 4.03(e). The payment of the amounts due under City Note 2 will be secured only by the Available Incremental Taxes, unless the City, in its sole discretion, elects to use other legally available funds to make payments with respect to City Note 2.

"City Note 2 Lockout Period" has the meaning defined in Section 4.03(e).

"City Note A" means the taxable City of Chicago Tax Increment Allocation Revenue Note Madden/Wells Redevelopment Project Area (Arches Retail Development LLC Redevelopment Project), Registered No. R-1A Taxable Series A, to be in the form attached hereto as Exhibit D-1A otherwise in accordance with the terms set forth in Section 4.03(c). The payment of the amounts due under City Note A will be secured only by Available Incremental Taxes, unless the City, in its sole discretion, elects to use other legally available funds to make payments with respect to City Note A.

"City Note A Refunding Date" has the meaning defined in Section 4.03(c).

"Commissioner" shall mean the Commissioner or Acting Commissioner of DCD.

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

"Davis-Bacon Act" shall mean 40 U.S.C. Section 276a et seq.

"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.

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

"Final Certificate" shall mean the Final Certificate of Completion described in Section 7 hereof.

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

"General Contractor" shall mean McShane Construction Company (or such other contractor acceptable to DCD).

"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 Ordinances 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 Treasurer into the Incremental Taxes Fund.

"Incremental Taxes Fund" shall mean the Madden/Wells Redevelopment Project Area Special Tax Allocation Fund created pursuant to the TIF Ordinances.

"Initial Certificate" shall mean the Initial Certificate of Completion described in Section 7 hereof.

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

"Lenders" shall mean the providers of the Lender Financing.

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

"MBE/WBE Budget" shall mean the budget attached hereto as Exhibit E-2, as described in Section 10.

"MBE/WBE Program" shall have the meaning set forth in Section 10.03 hereof.

"Note" means, as applicable, City Note A, City Note 1 or City Note 2, and "Notes" means all such notes.

"Plans and Specifications" shall mean final construction documents containing a site plan and working drawings and specifications for the Project prepared by Stull & Lee.

"Project" shall have the meaning set forth in Paragraph D of the recitals.

"Project Budget" shall mean the budget for the Developer Project attached hereto as Exhibit E-1.

"Project Costs" shall mean all of the costs incurred in connection with the Project.

"Property" shall have the meaning set forth in paragraph D of the recitals.

"Qualified Investor" means a qualified institutional buyer (QIB) or a registered investment company, or a trust where certificates of participation are sold to QIBs or registered investment companies.

"Qualified Transfer of City Note A" means the pledge of City Note A to a lender providing Lender Financing.

"Qualified Transfer of City Note 1" means (i) the pledge of City Note 1 to a Lender providing Lender Financing or (ii) the sale or assignment of City Note 1 as long as (a) any sale or assignment is to a Qualified Investor with no view to resale or reassignment, or the City has given its prior written consent to such proposed sale or assignment and (b) any sale or assignment is subject to the terms and procedures of an acceptable investment letter, and (c) any such sale or assignment occurs after the issuance of the Final Certificate.

"Qualified Transfer of City Note 2" means (i) the pledge of City Note 2 to a Lender providing Lender Financing or (ii) the sale or assignment of City Note 2 as long as (a) any sale or assignment is to a Qualified Investor with no view to resale or reassignment, or the City has given its prior written consent to such proposed sale or assignment and (b) any sale or assignment is subject to the terms and procedures of an acceptable investment letter, and (c) any such sale or assignment occurs after the issuance of the Final Certificate.

"Senior Lender" shall mean JPMorgan Chase (or another entity acceptable to the City), or its respective successors or assigns, who is providing the construction and permanent senior loans.

"Senior Loan" shall mean the loans made by the Senior Lender, or a financial institution or other entity acceptable to the Commissioner, for the Project.

"Survey" shall mean a plat of an ALTA survey of the Property acceptable in form and content to the City and the Title Company.

"Term of the Agreement" shall mean the term commencing on the date of execution of this Agreement and ending December 31, 2026.

"TIF-Funded Improvements" shall mean those costs which (i) are included within the definition of redevelopment project costs in Section 5/11-74.4-3(q) of the Act and are included in the Plan, and (ii) have the meaning set forth in Section 4.03 hereof.

"TIF-Funded Interest Costs" shall have the meaning set forth in Section 4.03(f) hereof.

"TIF Ordinances" shall have the meaning set forth in paragraph C of the recitals hereto.

"Title Company" shall mean _____.

"Title Policy" shall mean a title insurance policy in the most recently revised ALTA or equivalent form, showing the Developer as the insured, issued by the Title Company.

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

SECTION 3. THE PROJECT

3.01 The Project. The Developer shall: (a) commence construction of the Project no later than June 1, 2011, subject to such extension, if any, as the City, in its sole discretion, may grant; and (b) complete construction of the Project no later than December 31, 2012, subject to the provisions of Section 17.16 of this Agreement. The Project shall be carried out in accordance with the Plans and Specifications for the Project.

3.02 Plans and Specifications. The Plans and Specifications shall conform to the Redevelopment Plan as amended from time to time and shall comply with all applicable state and local laws, ordinances and regulations. As of the date hereof, the Developer has delivered to DCD, and DCD has approved, the Plans and Specifications, a list of which are attached hereto as Exhibit F. The Developer has submitted also all such documents to the City's Building Department, Department of Transportation and such other City departments or governmental authorities as may be necessary to acquire building permits and other required approvals for the Project.

Any material amendment to the Plans and Specifications must be submitted to DCD for its approval.

3.03 Project Budget. The Developer has furnished to DCD, and DCD has approved, the Project Budget. The Developer hereby certifies to the City that (a) to the best of the Developer's knowledge, after diligent inquiry, the Lender Financing and equity shall be sufficient to pay all Project Costs (other than the TIF-Funded Interest Costs) and (b) to the best of the Developer's knowledge after diligent inquiry, the Project Budget is true, correct and complete in all material respects. The Developer hereby represents to the City that the Lender Financing is (a) along with the City Funds, necessary to pay for all Project Costs and (b) available to be drawn upon to pay for certain Project Costs in accordance with the terms of the documents securing the Lender Financing.

3.04 Change Orders. Except as provided below, all Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project must be submitted by the Developer to DCD 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 DCD for DCD's prior written approval: (a) a reduction in the square footage of the Project of more than 10%; (b) a change in the use of more than 50% of the Retail Property to a use other than retail space for medical offices; (c) a delay of greater than 60 days in the completion of the Project; or (d) Change Orders costing more than $25,000 each, to an aggregate amount of $100,000. 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 DCD's written approval (to the extent required in this section). The Construction Contract, and each contract between the General Contractor and any subcontractor,

shall contain a provision to this effect. An approved Change Order shall not be deemed to imply any obligation on the part of the City to increase the amount of City Funds which the City has pledged pursuant to this Agreement or provide any other additional assistance to the Developer. Notwithstanding anything to the contrary in this Section 3.04, Change Orders costing less than Twenty-Five Thousand Dollars ($25,000.00) each, to an aggregate amount of One Hundred Thousand Dollars ($100,000.00), do not require DCD's prior written approval as set forth in this Section 3.04, but DCD shall be notified in writing of all such Change Orders and the Developer, in connection with such notice, shall identify to DCD the source of funding therefor.

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

3.06 Other Approvals. Construction of the Project shall not commence until the Developer has obtained all permits and approvals required by state, federal or local statute, ordinance or regulation and the General Contractor has delivered to the Developer performance and payment bonds in the full amount of the construction contract.

3.07 Progress Reports and Survey Updates. The Developer shall provide DCD 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, requiring DCD's written approval pursuant to Section 3.04). The Developer shall provide three (3) copies of an updated Survey to DCD upon the request of DCD 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) selected by the Senior Lender will 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 DCD upon request.

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. DCD 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.

SECTION 4. FINANCING FOR THE PROJECT COSTS

4.01 Total Project Cost and Sources of Funds. The cost of the Project is estimated to be $8,660,354, to be applied in the manner set forth in the Project Budget. Such costs shall be funded from the following sources:

Equity (subject to Sections 4.03 and 4.06)	$
Lender Financing	$
City Funds (subject to Section 4.03)	$2,100,000
ESTIMATED TOTAL	**$8,660,354**

4.02 Developer Funds. The Developer shall pay for all of the Project Costs, except the TIF-Funded Interest Costs, using the proceeds of the Lender Financing and Equity.

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 and TIF-Funded Interest Costs that constitute redevelopment project costs under the Act. Exhibit G 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 Sections 4.03 and 4.05(c)), contingent upon receipt by the City of documentation satisfactory in form and substance to DCD evidencing such cost and its eligibility as a Redevelopment Project Cost.

(b) Sources of City Funds. Subject to the terms and conditions of this Agreement, including but not limited to this Section 4.03 and Section 5 hereof, the City hereby agrees to provide City funds from the sources and in the amounts described directly below (the "City Funds") to pay for or reimburse the Developer for the costs of the TIF-Funded Improvements as follows: (1) City Note A for up to $1,950,000 to be issued on the Closing Date; (2) City Note 1 for up to $1,500,000, plus any accrued interest on City Note A (simultaneous with the refunding of City Note A), to be issued following the issuance of the Final Certificate; (3) City Note 2 for up to $450,000 to be issued following the issuance of the Final Certificate; and (4) up to $150,000 of Available Incremental Taxes for TIF-Funded Interest Costs (defined below). The principal amount of each Note will be in an amount not greater than the costs of the TIF-Funded Improvements which have been incurred by Developer (and which have not previously been counted in determining the balance of the other Note(s)) and are to be reimbursed by the City through payments of principal and interest on the Notes, subject to the provisions of this Agreement. Any payments under the Notes are subject to the amount of Available Incremental Taxes and Incremental Taxes for the Madden/Wells Redevelopment Area, as applicable, being sufficient for such payments, as well as the Prior TIF Obligations listed on Exhibit O attached hereto. The maximum total principal amount of City Funds

will be $2,100,000.

(c) Issuance of the $1,950,000 City Note A. On the Closing Date, the City will issue to Developer City Note A with the following terms and conditions:

(i) Principal. The principal balance for City Note A will be equal to the cost of TIF-Funded Improvements incurred by Developer prior to the issuance date, up to a maximum amount of $1,950,0000. Such balance will be determined by the Certificate(s) of Expenditure issued by the City in the form of Exhibit D-1A, upon Developer providing satisfactory evidence of expenditures for TIF-Funded Improvements and compliance with the applicable requirements and terms and conditions of this Agreement. After issuance of City Note A, if the principal balance of City Note A is less that $1,950,000, then the principal balance of City Note A will be increased when the City issues additional Certificate(s) of Expenditure in the form of Exhibit D-1A up to a maximum amount of $1,950,000. Following the issuance of the Final Certificate (the "City Note A Refunding Date"), to refund City Note A, the City shall issue City Note 1 in the form of Exhibit D-1B as set forth below.

(ii) Interest. Upon issuance of the Initial Certificate, the interest rate for City Note A will be an annual rate equal to the Bloomberg corporate BBB rate published as of the date of the Initial Certificate plus 200 basis points, and shall provide for accrued, but unpaid, interest to bear interest at the same annual rate (the "City Note A Interest Rate") but in no event will such interest rate be greater than 9%.

(iii) Term. City Note A will be issued on the Closing Date and will have a term of 20 years.

(iv) Payments of Principal and Interest.

(A) Interest on City Note A will begin to accrue upon the issuance of the Initial Certificate. Amortization of principal and interest will be over the term of the City Note A as provided in the debt service schedule attached to City Note A.

(B) Payments of principal and interest on City Note A shall commence upon the issuance of the Final Certificate.

(C) Except as may be otherwise provided in this Agreement, Available Incremental Taxes only will be used to pay the principal of and interest on City Note A and on unpaid interest, if any. In the ordinance authorizing the issuance of the Notes, the City established an account denominated the "Arches Retail Development LLC Project Account" within the Madden/Wells Redevelopment Project Area Special Tax Allocation Fund. All Available Incremental Taxes will be deposited into the Arches Retail Development LLC Project Account.

(D) Payments of principal and interest on the Notes will be made from Available Incremental Taxes deposited into the Arches Retail Development LLC Project Account as follows:

(i) First to interest due under City Note A or, once issued, City Note 1;

(ii) Next to interest due under City Note 2;

(iii) Next to due but unpaid principal or interest payments on City Note A or, once issued, City Note 1 or City Note 2;

(iv) Next to scheduled principal payments on City Note A or, once issued, City Note 1; and

(v) Next to payment of principal of City Note 2.

(E) After the principal and interest on City Note A (or, when issued, City Note 1) and City Note 2, have been paid in full and all Notes canceled according to their terms, and the reimbursement of TIF-Funded Interest Costs (as defined below) has occurred, then the Arches Retail Development LLC Project Account will be closed and all subsequent Available Incremental Taxes will be deposited by the City in the Madden/Wells Redevelopment Project Area Special Tax Allocation Fund.

(v) Insufficient Available Incremental Taxes. If the amount of Available Incremental Taxes pledged under this Agreement is insufficient to make any scheduled payment on City Note A (or, when issued, City Note 1), then: (a) the City will not be in default under this Agreement or City Note A (or, when issued, City Note 1), and (b) due but unpaid scheduled payments (or portions thereof) on City Note A (or, when issued, City Note 1) will be paid as provided in this Section 4.03 as promptly as funds become available for their payment. Interest per annum at the rate set when City Note A (or, when issued, City Note 1) will accrue on any principal or interest payments which are unpaid because of insufficient Available Incremental Taxes.

(vi) Sale or Transfer of City Note A. After the issuance of City Note A, City Note A may be pledged in a Qualified Transfer of City Note A. The pledge of the City Note A to the Senior Lender to secure a portion of Lender Financing is hereby approved. Notwithstanding any such permitted pledge, the City shall have no obligation to make any payments with respect to the City Note A except to the Developer, and then subject to the conditions set forth in this Agreement, including but not limited to Section 18.15, and in the City Note A.

(vii) Cessation of City Note A Payments. If an Event of Default occurs, the City will have no further obligations to make any payments with respect to City Note A and the City will have the remedies stated in Sections 7.03 and 15.02.

(viii) Costs of Issuance of City Note A. Developer will be responsible for paying all legal and issuance costs in relation to City Note A, including all costs of bond counsel.

(ix) City Note A Refunding Date. On the City Note A Refunding Date, the City will cancel City Note A and issue to Developer City Note 1 and City Note 2 with the terms and conditions set forth below.

(d) Issuance of the $1,500,000 City Note 1.

(i) Principal and Interest. The principal for City Note 1 will be equal to the cost of TIF-Funded Improvements incurred by Developer prior to the issuance date, up to a maximum amount of $1,500,0000. If there is principal or accrued interest on City Note A in excess of $1,500,000, such excess amounts will be added to the principal of City Note 2 on the terms and conditions set forth below. The interest rate for City Note 1 will be equal to the Bloomberg corporate BBB rate published as of the City Note A Refunding Date plus 200 basis points, and shall provide for accrued, but unpaid, interest to bear interest at the same annual rate (the "City Note 1 Interest Rate") but in no event will such interest rate be greater than 9%.

(ii) Term. City Note 1 will be issued on the City Note A Refunding Date and shall have a term of the earlier of 20 years and December 31, 2027.

(iii) Payments of Principal and Interest.

(A) Interest on City Note 1 will begin to accrue at the date of issuance. Amortization of principal and interest will be over the term of City Note 1 as provided in the debt service schedule attached to City Note 1.

(B) Except as may be otherwise provided in this Agreement, Available Incremental Taxes only will be used to pay the principal of and interest on City Note 1 and on unpaid interest, if any. In the ordinance authorizing the issuance of City Note 1, the City will establish an account denominated the: "Arches Retail Development LLC Project Account" within the Madden/Wells Redevelopment Project Area Special Tax Allocation Fund. All available Incremental Taxes will be deposited into the Arches Retail Development LLC Project Account.

(C) Payments of principal and interest will be made annually on or before May 1 in the year following the date of issuance of City Note 1.

(D) Except as may be otherwise provided in this Agreement, Available Incremental Taxes only will be used to pay the principal of and interest on City Note 1 and on unpaid interest, if any.

(iv) Insufficient Available Incremental Taxes. If the amount of Available Incremental Taxes pledged under this Agreement is insufficient to make any scheduled payment on the City Note 1, then: (1) the City will not be in default under this Agreement or City Note 1, and (2) due but unpaid scheduled payments (or portions thereof) on City Note 1 will be paid as provided in this Section 4.03 as promptly as funds become available for their payment. Interest per annum at the rate set when City Note 1 is issued will accrue on any principal or interest payments which are unpaid because of insufficient Available Incremental Taxes.

(v) Prepayment of City Note 1 by the City and Related Lock Out Period. The City may prepay City Note 1 at any time without premium or penalty, subject to the following: a three-year (36 month) period, subject to extension to 60 months in the discretion of the Commissioner (the "City Note 1 Lock-Out Period") will begin on the City Note A Refunding Date. During the City Note 1 Lock-Out Period, the City will not prepay City Note 1, unless this City Note 1 Lock-Out Period restriction is formally waived by the

City Note 1 holder(s). Upon expiration of the City Note 1 Lock-Out Period, the City may prepay the then current balance of City Note 1 without any restrictions or conditions, together with any accrued interest.

(vi) Sale or Transfer of City Note 1. After the issuance of City Note 1, City Note 1 may be pledged, sold or assigned in a Qualified Transfer of City Note 1. Thereafter, City Note 1 may again be pledged, sold or assigned in a Qualified Transfer of City Note 1.

(vii) No Cessation of City Note 1 Payments. Notwithstanding anything to the contrary contained in this Agreement, after issuance of City Note 1, if an Event of Default occurs, the City will, notwithstanding such Event of Default, continue to make payments with respect to City Note 1.

(viii) Costs of Issuance of City Note 1. Developer will be responsible for paying all legal and issuance costs in relation to City Note 1, including all costs of bond counsel.

(e) Issuance of the $450,000 City Note 2. City Note 2 will be issued on even date with the Final Certificate with the following terms and conditions:

(i) Principal. The initial principal balance of City Note 2 will equal the amount, if any, that the principal amount of City Note A plus accrued interest immediately prior to its refunding exceeds $1,500,000, plus any amount established by the Certificate(s) of Expenditure issued by the City in the form of Exhibit D-2 at the date of issuance, upon Developer providing satisfactory evidence of expenditures for TIF-Funded Improvements and compliance with the applicable requirements and terms and conditions of this Agreement. After issuance of City Note 2, if the principal balance of City Note 2 is less than $450,000, then the principal balance of City Note 2 may be increased when the City issues additional Certificate(s) of Expenditure in the form of Exhibit D-2 up to a maximum amount of $450,000.

(ii) Interest. When issued, the interest rate for City Note 2 will be equal to the Bloomberg corporate BBB rate published as of the City Note A Refunding Date plus 200 basis points, and shall provide for accrued, but unpaid, interest to bear interest at the same annual rate (the "City Note 2 Interest Rate") but in no event will such interest rate be greater than 9%.

(iii) Term. City Note 2 will be issued on even date with the Final Certificate and will have a term of the earlier of 20 years and December 31, 2027.

(iv) Payments of Principal and Interest.

(A) Interest on City Note 2 will begin to accrue at the date of issuance. Amortization of principal and interest will be over the term of City Note 2 as provided in the debt service schedule attached to City Note 2. Payments of principal and interest will be made annually on or before May 1 of each year commencing the year following the issuance of the Final Certificate.

(B) Except as may be otherwise provided in this Agreement, Available

Incremental Taxes only will be used to pay the principal of and interest on City Note 2 and on unpaid interest, if any. In the ordinance authorizing the issuance of City Note 2, the City will establish an account denominated the: "Arches Retail Development LLC Project Account" within the Madden/Wells Redevelopment Project Area Special Tax Allocation Fund. All available Incremental Taxes will be deposited into the Arches Retail Development LLC Project Account.

(C) After the principal and interest on the Notes have been paid in full, and each Note canceled according to its terms, and the reimbursement of TIF-Funded Interest Costs (as defined below) has occurred, then the Arches Retail Development LLC Project Account will be closed and all subsequent Available Incremental Taxes will be deposited by the City in the Madden/Wells Redevelopment Project Area Special Tax Allocation Fund.

(v) Insufficient Available Incremental Taxes. If the amount of Available Incremental Taxes pledged under this Agreement is insufficient to make any scheduled payment on City Note 2, then: (1) the City will not be in default under this Agreement or City Note 2, and (2) due but unpaid scheduled payments (or portions thereof) on City Note 2 will be paid as provided in this Section 4.03 as promptly as funds become available for their payment. Interest per annum at the rate set when City Note 2 is issued will accrue on any principal or interest payments which are unpaid because of insufficient Available Incremental Taxes.

(vi) Prepayment of City Note 2 by the City and Related Lock Out Period. The City may prepay City Note 2 at any time without premium or penalty, subject to the following: a three-year (36 month) period, subject to extension to 60 months in the discretion of the Commissioner (the "City Note 2 Lock-Out Period") will begin on issuance date of City Note 2. During City Note 2 Lock-Out Period, the City will not prepay City Note 2 unless this City Note 2 Lock-Out Period restriction is formally waived by City Note 2 holder(s). Upon expiration of City Note 2 Lock-Out Period, the City may prepay the then-current balance of City Note 2 without any restrictions or conditions, together with any accrued interest.

(vii) Sale or Transfer of City Note 2. After the issuance of City Note 2, City Note 2 may be pledged, sold or assigned in a Qualified Transfer of City Note 2. Thereafter, City Note 2 may again be pledged, sold or assigned in a Qualified Transfer of City Note 2.

(viii) Cessation of City Note 2 Payments. If an Event of Default occurs, the City will have no further obligations to make any payments with respect to City Note 2 and the City will have the remedies stated in Sections 7.03 and 15.02. If the Developer defaults pursuant to Section 15.01, interest shall immediately cease to accrue on the City Note 2 effective as of the date on which the Event of Default is deemed to have occurred pursuant to Section 15.03, and no payments shall be made with respect to the City Note 2 during any cure period applicable to such default. Any Available Incremental Taxes that would have been used to make payments during such time period shall, however, be reserved by the City pending the possible cure of such default. If such default is cured, interest shall again begin to accrue on the City Note 2 effective as of the actual date on which the default is cured and any reserved

payments of Available Incremental Taxes shall be released by the City and used to pay the City Note 2. If such default is not cured or is not subject to a cure period, the City shall have the remedies set forth in Section 15.02.

(f) TIF-Funded Interest Costs. The City hereby agrees to pay or reimburse the Developer from Available Incremental Revenues, if any, for up to the lesser of $150,000 or 30% of the interest costs incurred by the Developer that will accrue on the Senior Loan (the "TIF-Funded Interest Costs") at the request of Developer as set forth below. The amounts payable pursuant to this Section 4.03(f) shall be paid by the City into escrow in accordance with this Agreement and the Escrow Agreement while the Lender Financing remains outstanding and so long as the TIF-Funded Interest Costs may, under the Act, be legally paid out of Available Incremental Revenues. The City will pay into escrow for the benefit of the Developer for the TIF-Funded Interest Costs for the Project upon submission by the Developer to the DCD of an executed Requisition Form for TIF-Funded Interest Costs in the form attached hereto as Exhibit H. The Requisition Form for TIF-Funded Interest Costs shall be sent to DCD on or after March 1 of each year that payment into escrow is requested, and shall set forth the date for payment into escrow which shall be not less than 60 days from the date of its receipt by the DCD. The City Comptroller shall pay, to the extent of any Available Incremental Revenues then available in the Incremental Taxes Fund, into escrow the amount requested in the Requisition Form for TIF-Funded Interest Costs within 60 days of its receipt; provided, that the amount so requested shall not exceed the maximum amount payable for such year as shown on Exhibit I attached hereto, plus any portion of such maximum amount for prior years that has not been paid as a result of insufficient funds. The Developer shall submit to the DCD and the Department of Finance at the addresses specified in Section 16 copies of monthly invoices sent to the Developer by the Senior Lender to evidence the accrual of such amounts for TIF-Funded Interest Costs. Upon the City's request, the Senior Lender will provide any additional supporting documentation. Attached as Exhibit I is a schedule of maximum amounts which may be reimbursed as interest cost incurred by the Developer in accordance with the Redevelopment Plan and the limitations provided in Section 11-74.4-3(q)(11) of the Act. The City will release funds to Developer reimbursing TIF-Funded Interest Costs from escrow as follows: fifty percent of the City Funds in such escrow, plus accrued interest, will be released to Developer on the 5th anniversary of the date of the Final Certificate; fifty percent of the City Funds remaining in such escrow, plus accrued interest, will be released to Developer on the 2nd anniversary following such first payment; and the balance of City Funds in such escrow, plus any accrued interest, will be released to Developer on the 3rd anniversary following such second disbursement; provided however that if Developer fails to meet the Average Minimum Occupancy as required by Section 8.15 herein, the release of TIF-Funded Interest Costs out of escrow will be delayed by the number of years such Average Minimum Occupancy was not met.

(g) Other Incremental Taxes. Any Incremental Taxes that either (i) are not Available Incremental Taxes or (ii) are not required to make payments under this Agreement (whether because all currently due payments have been made, because of an Event of Default entitling the City to terminate further payments with respect to the City Note A or the City Note 2, because of the full repayment of the Notes, or otherwise) shall belong to the City and may be pledged or used for such purposes as the City deems necessary or appropriate.

4.04 Construction Escrow. Developer shall provide the City with a copy of its construction escrow agreement with Senior Lender.

4.05 Treatment of Prior Expenditures and Subsequent Disbursements.

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

(b) City Fee. Annually, the City may allocate an amount not to exceed ten percent (10%) of the Incremental Taxes for payment of costs incurred by the City for the administration and monitoring of the Redevelopment Area, including the Project. Such fee shall be in addition to and shall not be deducted from or considered a part of the City Funds, and the City shall have the right to receive such funds prior to any payment of City Funds hereunder.

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

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 to Execution of Certificate of Expenditure. Prior to each execution of a Certificate of Expenditure by the City, the Developer shall submit documentation regarding the applicable expenditures to DCD, which shall be satisfactory to DCD in its sole discretion. Delivery by the Developer to DCD of any 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 request for execution of a Certificate of Expenditure, that:

(a) the total amount of the request for Certificate of Expenditure 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 request for Certificate of Expenditure have been paid to the parties entitled to such payment;

(c) the Developer has approved all work and materials for the current request for Certificate of Expenditure, and such work and materials conform to the Plans and Specifications;

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

(e) the Developer has received no notice and has no knowledge of any liens or claim of lien either filed or threatened against the Retail 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 the escrow agent 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 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 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.

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 DCD, and DCD has approved, a Project Budget in accordance with the provisions of Section 3.03 hereof.

5.02 Scope Drawings and Plans and Specifications. The Developer has submitted to DCD, and DCD has approved, the Scope Drawings and Plans and Specifications 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 DCD.

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 other sources set forth in Section 4.01) to complete the Project. Any liens against the

Retail 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 Retail 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 K hereto and evidences the recording of this Agreement pursuant to the provisions of Section 8.11 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 DCD, on or prior to the Closing Date, documentation related to the purchase of the Retail Property and certified copies of all easements and encumbrances of record with respect to the Property not addressed, to DCD'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 Developer's name (and the following trade names of the Developer: _____) as follows:

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

showing no liens against the Developer, the Retail 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 DCD.

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 L, 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 L 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 DCD in its sole discretion of the Prior Expenditures in accordance with the provisions of Section 4.05(a) hereof.

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

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

5.13 Environmental. The Developer has provided DCD with copies of that certain phase I environmental audit completed with respect to the Property. 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 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 in such form and substance as the Corporation Counsel may require; operating agreement of the Developer; and such other organizational 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 DCD a description of all pending or threatened litigation or administrative proceedings involving the Developer, specifying, in each case, the amount of each claim, an estimate of probable liability, the amount of any reserves taken in connection therewith and whether (and to what extent) such potential liability is covered by insurance.

SECTION 6. AGREEMENTS WITH CONTRACTORS

6.01 Bid Requirement for General Contractor and Subcontractors. Prior to entering into an agreement with any subcontractor for construction of the Project, the Developer shall cause the General Contractor to solicit bids from qualified contractors eligible to do business with the City of Chicago, and if requested by DCD, shall submit all bids received to DCD for its inspection and written approval. For the TIF-Funded Improvements, the Developer shall select shall cause the General Contractor to select the subcontractor submitting the lowest responsible bid who can complete the Project in a timely manner. If the General Contractor selects any subcontractor submitting other than the lowest responsible bid for the TIF-Funded Improvements, the difference between the lowest responsible bid and the bid selected may not be paid out of City Funds. The Developer shall submit copies of the Construction Contract to DCD in accordance with Section 6.02 below. Photocopies of all subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DCD upon request. The Developer shall ensure that the General Contractor shall not (and shall cause the General Contractor to ensure that the subcontractors shall not) begin work on the Project until the Plans and Specifications have been approved by DCD and all requisite permits have been obtained.

6.02 Construction Contract. Within ten (10) business days after execution of the Construction Contract by the Developer, the General Contractor and any other parties thereto, the Developer shall deliver to DCD 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 such form as is acceptable to the City. The City shall be named as obligee or co-obligee on any such bonds.

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

6.05 Other Provisions. In addition to the requirements of this Section 6, the Construction Contract and each contract with any subcontractor shall contain provisions required pursuant to Section 3.04 (Change Orders), Section 8.18 (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 DCD within five (5) business days of the execution thereof.

SECTION 7. COMPLETION OF CONSTRUCTION

7.01 Initial Certificate of Completion. (a) Upon completion of the construction of the Project and related redevelopment activities constituting the Project in accordance with the terms of this Agreement, and upon the Developer's written request, DCD shall issue to the Developer an Initial Certificate in recordable form certifying that the Developer has fulfilled its obligation to complete the Project in accordance with the terms of this Agreement, subject to final leasing and occupancy requirements. DCD shall respond to the Developer's written request for an Initial Certificate by issuing either an Initial Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed, and the measures which must be taken by the Developer in order to obtain the Initial Certificate. The Developer may resubmit a written request for an Initial Certificate upon completion of such measures.

(b) The Developer acknowledges that the City will not issue an Initial Certificate until the following conditions have been met:

(i) construction of the 28,000 square feet of retail space has been completed in accordance with the Plans and Specifications; and

(ii) the Facility is 50% leased by one or more tenants.

7.02 Final Certificate of Completion. (a) After receipt of the Initial Certificate, upon achieving the leasing and occupancy requirements as set forth in (b) below, and upon the Developer's written request, DCD shall issue to the Developer a Final Certificate in recordable form certifying that the Developer has fulfilled its obligation to complete the Project in accordance with the terms of this Agreement. DCD shall respond to the Developer's written request for a Final

Certificate by issuing either a Final Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed, and the measures which must be taken by the Developer in order to obtain the Final Certificate. The Developer may resubmit a written request for a Final Certificate upon completion of such measures.

(b) The Developer acknowledges that the City will not issue a Final Certificate until the following conditions have been met:

(i) construction of the Project, including required parking, has been completed; and

(ii) a Certificate of Occupancy has been issued for the Facility by the City; and

(iii) the Facility is 75% leased and 60% occupied by tenants; and

(iv) the City's monitoring unit has determined in writing that the Developer is in complete compliance with all requirements of Section 8.17 and Section 10.

7.03 Effect of Issuance of Final Certificate; Continuing Obligations. The Final Certificate relates only to the construction of the Project and related redevelopment activities constituting 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 Final 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 Final 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, 8.14 and 8.15 as covenants that run with the land are the only covenants in this Agreement intended to be binding upon any transferee of the Retail Property (including an assignee as described in the following sentence) throughout the Term of the Agreement notwithstanding the issuance of the Final Certificate. The other executory terms of this Agreement that remain after the issuance of a Final Certificate shall be binding only upon the Developer or a permitted assignee of the Developer who, pursuant to Section 17.14 of this Agreement, has contracted to take an assignment of the Developer's rights under this Agreement and assume the Developer's liabilities hereunder.

7.04 Failure to Complete. If the Developer fails to complete the Project in accordance with the terms of the Agreement, following the expiration of applicable grace periods, if any, then the City shall have, but shall not be limited to, any of the following rights and remedies:

(a) subject to the provisions of Section 15.02, the right to terminate this Agreement and cease all disbursement of City Funds not yet disbursed pursuant hereto (provided, however, under no circumstances shall the City suspend or cease disbursement of principal and interest payments on City Note 1);

(b) the right (but not the obligation) to complete those TIF-Funded Improvements that are public improvements and to pay for the costs of such 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, the Developer shall

reimburse the City for all reasonable costs and expenses incurred by the City in completing the TIF-Funded Improvementes in excess of the available City Funds; and

(c) the right to seek reimbursement of the City Funds from the Developer.

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

SECTION 8. COVENANTS/REPRESENTATIONS/WARRANTIES OF DEVELOPER

The Developer represents, warrants and covenants to the City as follows:

8.01 General. The Developer represents, warrants and covenants 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 every 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 partnership action and will not violate its operating agreement as amended and supplemented, any applicable provision of law, or constitute a material breach of, default under or require any consent under, any agreement, instrument or document to which the Developer is now a party or by which the Developer is now or may become bound;

(d) unless otherwise permitted pursuant to the terms of this Agreement, the Developer shall acquire and shall maintain a good, merchantable fee interest in the Retail Property, subject to those matters shown in the Title Policy;

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

(f) the Developer shall obtain and shall maintain all government permits, certificates and consents (including, without limitation, appropriate environmental approvals) necessary to construct, complete and operate its business at the Retail Property;

(g) the Developer is not aware of any 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 which would materially affect its ability to perform hereunder;

(h) the Financial Statements when submitted will be, complete and correct in all material respects and will accurately present the assets, liabilities, results of operations and financial condition of the Developer as of the date of such statements;

(i) prior to the issuance of the Final Certificate, the Developer shall not do any of the following without the prior written consent of DCD: (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 Retail 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;

(j) the Developer is satisfied that it has taken any measures required to be taken to bring the Property and the Project into compliance with Environmental Laws (or, as part of the remediation process to be undertaken in connection with the Property's enrollment in the Illinois Site Remediation Program, the Project will be brought into compliance with such Environmental Laws, as such compliance may be required under one or more "no further remediation" letters to be issued with respect to the Property) and that the Property is suitable for its intended use;

(k) the Developer has not incurred, and, prior to the issuance of the Final Certificate, shall not, without the prior written consent of the Commissioner of DCD, allow the existence of any liens against the Retail Property (or improvements thereon) other than the Permitted Liens; or incur any indebtedness, secured or to be secured by the Retail 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) neither the Developer nor any affiliate of the Developer is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce or their successors, or on any other list of persons or entities with which the City may not do business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List. For purposes of this subparagraph (m) only, the term "affiliate," when used to indicate a relationship with a specified person or entity, means a person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified person or entity, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.

8.02 Covenant to Redevelop. The Developer shall redevelop the Retail Property substantially in accordance with the Agreement and all Exhibits attached hereto, the TIF Ordinances, the Plans and Specifications, the Project Budget and all amendments thereto, and all federal, state and local laws, ordinances, rules, regulations, executive orders and codes applicable

to the Project, the Retail Property and/or the Developer. Subject to Section 7.03, the covenants set forth in this Section 8.02 shall run with the land and be binding upon any transferee of the Retail Property.

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

8.04 Use of Available Incremental Revenues. Available Incremental Revenues disbursed to, or on behalf of, the Developer shall be used solely to pay or reimburse the Developer for the TIF-Funded Improvements and TIF-Funded Interest Costs as provided in this Agreement.

8.05 Arms-Length Transactions. Unless DCD shall have given its prior written consent with respect thereto, no Affiliate of the Developer may receive any part of the City Funds, directly or indirectly, through reimbursement of the Developer pursuant to Section 4 or otherwise, in payment for work done, services provided or materials supplied in connection with any TIF-Funded Improvements. The Developer shall provide information with respect to any entity to receive the City Funds (by reimbursement or otherwise), upon DCD's request, prior to any such disbursement.

8.06 Conflict of Interest. The Developer represents and warrants that no member, official or employee of the City, or member of any commission or committee exercising authority over the Project or the Redevelopment Plan, or any consultant hired by the City in connection with the Project, owns or controls (or has owned or controlled) any interest, direct or indirect, in the Developer's business or the Property.

8.07 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.

8.08 Financial Statements. The Developer shall maintain and provide to DCD its Financial Statements at the earliest practicable date but no later than 120 days following the end of the Developer's fiscal year, each year for the Term of the Agreement.

8.09 Developer's Liabilities. The Developer shall not enter into any transaction that would materially and adversely affect its ability to perform its obligations hereunder. The Developer shall immediately notify DCD of any and all events or actions which may materially affect the Developer's ability to perform its obligations under this Agreement.

8.10 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 (or, as part of the remediation process to be undertaken in connection with the Property's enrollment in the Illinois Site Remediation Program, the Project will be brought compliance with such legal requirements, as such compliance may be required under one or more "no further remediation" letters to be issued with respect to the Property). Upon the City's request, the Developer shall provide copies of any documentary evidence of compliance of such laws which may exist, such as, by way of illustration and not limitation, permits and licenses.

8.11 Recording and Filing. The Developer shall cause this Agreement, certain exhibits (as specified by Corporation Counsel), all amendments and supplements hereto to be recorded against the Retail Property and filed on the date hereof in the conveyance and real property records of the

county in which the Project is located. This Agreement shall be recorded prior to any mortgage made in connection with any Lender Financing. The Developer shall pay all fees and charges incurred in connection with any such recording. Upon recording, the Developer shall immediately transmit to the City an executed original of this Agreement showing the date and recording number of record.

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

8.13 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 Retail 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 Retail 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 DCD, within thirty (30) days of DCD's request, official receipts from the appropriate entity, or other proof satisfactory to DCD, 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 Retail 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 8.13); or

(ii) at DCD's sole option, to furnish a good and sufficient bond or other security satisfactory to DCD in such form and amounts as DCD 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 Retail 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.

8.14 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 Retail Property or the Project, or become due and payable, and which create or may create a lien upon the Developer or all or any portion of the Retail 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 Retail 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 Retail Property. The Developer's right to challenge real estate taxes applicable to the Retail Property is limited as provided for in Section 8.14(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 DCD of the Developer's intent to contest or object to a Governmental Charge and, unless, at DCD's sole option,

(A) the Developer shall demonstrate to DCD'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 Retail Property to satisfy such Governmental Charge prior to final determination of such proceedings; and/or

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

(c) Real Estate Taxes.

(i) Acknowledgment of Real Estate Taxes. The Developer agrees that (A) for the purpose of this Agreement, the total projected minimum assessed value of the Retail Property ("Minimum Assessed Value") is shown on Exhibit M attached hereto and

incorporated herein by reference for the years noted on Exhibit M; and (B) the real estate taxes anticipated to be generated and derived from the respective portions of the Retail Property and the Project for the years shown are fairly and accurately indicated in Exhibit M.

(ii) Real Estate Tax Exemption. With respect to the Retail Property or the Project, neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer shall, during the Term of this Agreement, seek, or authorize any exemption (as such term is used and defined in the Illinois Constitution, Article IX, Section 6 (1970)) for any year that the Redevelopment Plan is in effect.

(iii) No Reduction in Real Estate Taxes. Neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer shall, during the Term of this Agreement, directly or indirectly, initiate, seek or apply for proceedings in order to lower the assessed value of all or any portion of the Retail Property or the Project below the amount of the Minimum Assessed Value as shown in Exhibit M for the applicable year.

(iv) No Objections. Neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer, shall object to or in any way seek to interfere with, on procedural or any other grounds, the filing of any Underassessment Complaint or subsequent proceedings related thereto with the Cook County Assessor or with the Cook County Board of Appeals, by either the City or any taxpayer. The term "Underassessment Complaint" as used in this Agreement shall mean any complaint seeking to increase the assessed value of the Retail Property up to (but not above) the Minimum Assessed Value as shown in Exhibit M.

(v) Covenants Running with the Land. The parties agree that the restrictions contained in this Section 8.14(c) are covenants running with the land and this Agreement shall be recorded by the Developer as a memorandum thereof, at the Developer's expense, with the Cook County Recorder of Deeds on the Closing Date. These restrictions shall be binding upon the Developer and its agents, representatives, lessees, successors, assigns and transferees from and after the date hereof, provided however, that the covenants shall be released when the Redevelopment Area is no longer in effect. The Developer agrees that any sale, lease, conveyance, or transfer of title to all or any portion of the Retail Property or Redevelopment Area from and after the date hereof shall be made explicitly subject to such covenants and restrictions. Notwithstanding anything contained in this Section 8.14(c) to the contrary, the City, in its sole discretion and by its sole action, without the joinder or concurrence of the Developer, its successors or assigns, may waive and terminate the Developer's covenants and agreements set forth in this Section 8.14(c).

8.15 Commercial/Office Space Covenants.

(a) Approved Uses. Developer shall continue to operate the Facility as a commercial/office center with at least 50% of the Facility operated by medical or medical-related service providers during the ten years following the date of the Final Certificate. Developer shall not permit any of the "Prohibited Uses" set forth on Exhibit N within the Facility.

(b) Minimum Occupancy Requirements. Not later than March 1st of the year following the year of issuance of the Final Certificate, Developer shall lease not less than 75% of the net leasable square footage of the Facility and cause to be occupied not less than 60% of the net leasable square footage of the Facility (such percentages collectively referred to herein as the "Minimum Occupancy"). Thereafter, and as a prerequisite for payments to be made on the City Note 2, Developer shall maintain an average occupancy ("Average Minimum Occupancy") over the twelve-month period preceding Developer's submission of an Occupancy Report (as defined below) equal to the Minimum Occupancy.

(c) Occupancy Reports; Occupancy Defaults. Contemporaneously with Developer's requisition for its annual disbursement under the Notes, Developer shall deliver to DCD an occupancy progress report ("Occupancy Report") detailing compliance with the Average Minimum Occupancy requirement for the 12-month period beginning January 1 of the preceding year. If Developer submits an Occupancy Report that indicates a failure to maintain the Average Minimum Occupancy (an "Occupancy Default"), such Occupancy Default shall not be deemed an Event of Default under this Agreement if: (i) the Developer has maintained the Minimum Occupancy in the 30 days preceding the date of the Occupancy Report and has provided the City with evidence that it has contracted for the Minimum Occupancy for the following year; (ii) the Developer has cured the Occupancy Default within one year following the date of the Occupancy Report specifying such Occupancy Default (such one-year period is referred to as the "Minimum Cure Period"); or (iii) the Developer has commenced to cure an Occupancy Default within the Minimum Cure Period and has cured such Occupancy Default within two years following the date of the Occupancy Report specifying the Occupancy Default (such two-year period is referred to as the "Maximum Cure Period"). Provided Developer has cured all Occupancy Defaults, Developer shall continue to deliver Occupancy Reports and maintain the Average Minimum Occupancy after the 10th anniversary of the issuance of the Final Certificate for the number of years for which Developer did not maintain the Average Minimum Occupancy.

(d) Occupancy Remedies. Upon the occurrence of an Occupancy Default, the City may suspend disbursement of payments due under the City Note 2 until Developer has complied with the occupancy covenants in this Section 8.15. No interest shall accrue on the City Note 2: (i) during the year described in the Occupancy Report with an Occupancy Default beginning on the date Developer falls below the Average Minimum Occupancy; (ii) during the Minimum Cure Period unless Developer commences to cure the Occupancy Default within the Minimum Cure Period; or (iii) during the Maximum Cure Period from the date of the Event of Default through the date the Event of Default is cured. An Occupancy Default that is not cured as set forth in this Section 8.15 shall be an Event of Default hereunder.

8.16 Job Readiness Program. The developer and its major tenants shall agree to meet with the Mayor's Office of Workforce Development, to discuss participation in job training programs to provide job applicants for the jobs created by the Project and the operation of the Developer's business on the Retail Property.

8.17 Annual Compliance Report. Beginning with the issuance of the Initial Certificate and continuing throughout the Term of the Agreement, the Developer shall submit to DCD the Annual Compliance Report within 30 days after the end of the calendar year to which the Annual Compliance Report relates.

8.18 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 federal government pursuant to the Davis-Bacon Act, 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 such federal prevailing wage rates are revised, 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 8.18.

8.19 Survival of Covenants. All warranties, representations, covenants and agreements of the Developer contained in this Section 8 or 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 be in effect throughout the Term of the Agreement (except for the covenants set forth in Section 8.15, which survive for the term set forth therein).

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, and covenants that: (a) the Incremental Taxes Fund will be established, (b) the Incremental Taxes will be deposited therein, and (c) such funds shall remain available to pay the City's obligations under Sections 4.02 and 4.04 as the same become due, as long as the TIF-Funded Improvements continue to be payable from Available Incremental Revenues under the Act. The City agrees not to amend the Redevelopment Plan so as to materially impair its ability to pay in full any amounts due from the City under this Agreement without the written consent of the Developer and the Lenders.

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. EMPLOYMENT OPPORTUNITY

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 Retail 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 Retail 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 Retail 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 DCD 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 DCD, 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 DCD, 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.

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. 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, as applicable, (i) the Minority-Owned and Women-Owned Business Enterprise Procurement Program, Section 2-92-420 et seq., Municipal Code of Chicago (the "Procurement Program"), and (ii) the Minority- and Women-Owned Business Enterprise Construction Program, Section 2-92-650 et seq., Municipal Code of Chicago (the "Construction Program," and collectively with the Procurement Program, the "MBE/WBE Program"), 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 percentages of the MBE/WBE Budget as set forth in Exhibit E-2 hereto shall be expended for contract participation by MBEs and 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" or a "construction contract" as such terms are defined in Sections 2-92-420 and 2-92-670, Municipal Code of Chicago, as applicable.

(c) Consistent with Sections 2-92-440 and 2-92-720, 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 the 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 or services 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. In accordance with Section 2-92-730, Municipal Code of Chicago, the Developer shall not substitute any MBE or WBE General Contractor or subcontractor without the prior written approval of DCD.

(d) The Developer shall deliver quarterly reports to the City's monitoring staff 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 City's monitoring staff in determining the Developer's compliance with this MBE/WBE commitment. The Developer shall maintain records of all relevant data with respect to the utilization of MBEs and WBEs in connection with the Project for at least five years after completion of the Project, and the City's monitoring staff shall have access to all such records maintained by the Developer, on five 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 Sections 2-92-540 and 2-92-730, Municipal Code of Chicago, as applicable.

(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 Sections 2-92-450 and 2-92-730, Municipal Code of Chicago, as applicable.

(g) Prior to the commencement of the Project, the Developer shall be required to meet with the City's monitoring staff with regard to the Developer's compliance with its obligations under this Section 10.03. The General Contractor and all major subcontractors shall be required to attend this pre-construction meeting. During said meeting, the Developer shall demonstrate to the City's monitoring staff its plan to achieve its obligations under this Section 10.03, the sufficiency of which shall be approved by the City's monitoring staff. During the Project, the Developer shall submit the documentation required by this Section 10.03 to the City's monitoring staff, 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 City's monitoring staff, upon analysis of the documentation, that the Developer is not complying with its obligations under this Section 10.03, shall, upon the delivery of written notice to the Developer, be deemed an Event of Default. 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.

SECTION 11. ENVIRONMENTAL MATTERS

The Developer hereby represents and warrants to the City that the Developer has undertaken sufficient environmental due diligence to conclude that the Project may be constructed, completed

and operated in accordance with all Environmental Laws (as the same may be modified by one or more "no further remediation" letters to be issued with respect to the Property) and this Agreement and all Exhibits attached hereto, and the Redevelopment Plan.

Without limiting any other provisions hereof, Developer agrees to indemnify, defend and hold 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 City as a direct or indirect result of any of the following, regardless of whether or not caused by, or within the control of 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 Developer, or any person directly or indirectly controlling, controlled by or under common control with 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 Developer), or (ii) any liens against the Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligation of City or Developer or any of its subsidiaries under any Environmental Laws relating to the Property.

SECTION 12. INSURANCE

The Developer shall procure and maintain, or cause to be maintained, at its sole cost and expense, at all times throughout the Term of the Agreement, and until each and every obligation of the Developer contained in the Agreement has been fully performed, the types of insurance specified below, with insurance companies authorized to do business in the State of Illinois covering all operations under this Agreement, whether performed by the Developer, any contractor or subcontractor:

(a) Prior to Execution and Delivery of this Agreement: At least 10 business days prior to the execution of this Agreement, the Developer shall procure and maintain the following kinds and amounts of insurance:

(i) Workers' Compensation and Occupational Disease Insurance

Workers' Compensation and Occupational Disease Insurance, in statutory amounts, covering all employees who are to provide a service under this Agreement. Employer's liability coverage with limits of not less than $100,000.00 for each accident or illness shall be included.

(ii) Commercial Liability Insurance (Primary and Umbrella)

Commercial Liability Insurance or equivalent with limits of not less than $1,000,000.00 per occurrence, combined single limit, for bodily injury, personal injury and property damage liability. Products/completed operations, independent contractors, broad form property damage and contractual liability coverages are to be included.

(b) Construction: Prior to the construction of any portion of the Project, the Developer shall procure and maintain, or cause to be maintained, the following

kinds and amounts of insurance:

(i) Workers' Compensation and Occupational Disease Insurance

Workers' Compensation and Occupational Disease Insurance, in statutory amounts, covering all employees who are to provide a service under or in connection with this Agreement. Employer's liability coverage with limits of not less than $100,000.00 for each accident or illness shall be included.

(ii) Commercial Liability Insurance (Primary and Umbrella)

Commercial Liability Insurance or equivalent with limits of not less than $2,000,000.00 per occurrence, combined single limit, for bodily injury, personal injury and property damage liability. Products/completed operations, explosion, collapse, underground, independent contractors, broad form property damage and contractual liability coverages are to be included.

(iii)Automobile Liability Insurance

When any motor vehicles are used in connection with work to be performed in connection with this Agreement, the Developer shall provide Automobile Liability Insurance with limits of not less than $1,000,000.00 per occurrence combined single limit, for bodily injury and property damage.

(iv) All Risk Builders Risk Insurance

When the Developer, any contractor or subcontractor undertakes any construction, including improvements, betterments, and/or repairs, Developer, such contractor or subcontractor shall provide All Risk Blanket Builder's Risk Insurance to cover the materials, equipment, machinery and fixtures that are or will be part of the permanent facilities. Coverage extensions shall include boiler and machinery, and flood.

(v) Professional Liability

When any architects, engineers or consulting firms perform work in connection with this Agreement, Professional Liability insurance shall be maintained with limits of $1,000,000.00. The policy shall have an extended reporting period of two years. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of work on the Project.

(c) Other Provisions

Upon DCD's request, the Developer shall provide DCD with copies of insurance policies or certificates evidencing the coverage specified above. If the Developer fails to obtain or maintain any of the insurance policies required under this

Agreement or to pay any insurance policies required under this Agreement, or to pay any premium in whole or in part when due, the City may (without waiving or releasing any obligation or Event of Default by the Developer hereunder) obtain and maintain such insurance policies and take any other action which the City deems advisable to protect its interest in the Property and/or the Project. All sums so disbursed by the City including reasonable attorneys' fees, court costs and expenses, shall be reimbursed by the Developer upon demand by the City.

The Developer agrees, and shall cause each contractor and subcontractor to agree, that any insurance coverages and limits furnished by the Developer and such contractors or subcontractors shall in no way limit the Developer's liabilities and responsibilities specified under this Agreement or any related documents or by law, or such contractor's or subcontractor's liabilities and responsibilities specified under any related documents or by law. The Developer shall require all contractors and subcontractors to carry the insurance required herein, or the Developer may provide the coverage for any or all contractors and subcontractors, and if so, the evidence of insurance submitted shall so stipulate.

The Developer agrees, and shall cause its insurers and the insurers of each contractor and subcontractor engaged after the date hereof in connection with the Project to agree, that all such insurers shall waive their rights of subrogation against the City.

The Developer shall comply with any additional insurance requirements that are stipulated by the Interstate Commerce Commission's Regulations, Title 49 of the Code of Federal Regulations, Department of Transportation; Title 40 of the Code of Federal Regulations, Protection of the Environment and any other federal, state or local regulations concerning the removal and transport of Hazardous Materials.

The City maintains the right to modify, delete, alter or change the provisions of this Section 12 and so long as such action does not, without the Developer's prior written consent, increase the requirements set forth in this Section 12 beyond that which is reasonably customary at such time.

SECTION 13. INDEMNIFICATION

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

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, 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. Any authorized representative of the City shall have access to all portions of the Project and the Retail 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, following expiration of applicable cure periods under Sections 15.03 and subject further to Section 17.16, 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;

(b) the failure of the Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of 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 when made;

(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 Retail Property, including any fixtures now or hereafter attached thereto, other than the Permitted Liens;

(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 90 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 90 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 30 days after such entry without a stay of enforcement or execution;

(h) a change in the Developer's general partner (except a "for cause" replacement of such general partner by the limited partner in accordance with the Developer's partnership agreement), addition of a general partner or sale or other transfer of all or a controlling interest in the ownership of the general partner without DCD's prior written consent; or

(i) a change in the ownership of the Project without DCD's prior written consent.

15.02 Remedies. (a) Subject to the provisions of paragraph (b) of this section, upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements, and may suspend disbursement of the City Funds. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, secure the specific performance of the agreements contained herein, or may be awarded damages for failure of performance, or both, provided, however, that the City shall not obtain a lien against the Retail Property.

(b) Notwithstanding any other provision in this Agreement, the City shall not terminate this Agreement or suspend disbursement of the City Funds upon the occurrence of an Event of Default unless foreclosure proceedings have been commenced under the mortgage securing the Senior Loan or a deed in lieu of such foreclosure has been executed and delivered and provided that Senior Lender has not cured the Event of Default within the curative time period provided allowed under Section 15.04(b).

(c) The City's obligation under City Note 1 shall survive termination of this Agreement.

15.03 Curative Period. In the event the Developer shall fail to perform a covenant which 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 Developer shall have failed to perform such covenant within 30 days of its receipt of a written notice from the City specifying the nature of the default; provided, however, with respect to those defaults which are not reasonably capable of being cured within such 30-day period, if the Developer has commenced to cure the alleged default within such 30-day period and thereafter continues diligently to effect such cure, then said 30-day period shall be extended to 60 days upon written request from the Developer to the City delivered during such 30-day period, and upon further written request from the Developer to the City delivered during such 60-day period, said 60-day period shall be extended to 90 days; provided, further, that such default is cured in any event within 120 days of the date of the Developer's receipt of a written default notice.

15.04 Right to Cure by Lenders and Investors. Except for an Event of Default arising in connection with the covenants of Section 8.15 which section has cure rights set forth therein, in the event that an Event of Default occurs under this Agreement, and if, as a result thereof, the City intends to exercise any right or remedy available to it that could result in the termination of this Agreement or the cancellation, suspension, or reduction of any payment due from the City under this

Agreement, the City shall send notice of such intended exercise to the parties identified in Section 16 and the Lenders and the limited partner investor(s) in the Developer shall have the right (but not the obligation) to cure such an Event of Default under the following conditions:

(a) if the Event of Default is a monetary default, any party entitled to cure such default may cure it within 30 days after the later of: (i) the expiration of the cure period, if any, granted to the Developer with respect to such monetary default; or (ii) receipt by the Lenders of such notice from the City; and

(b) if the Event of Default is of a non-monetary nature, any party entitled to cure such default shall have the right to cure it within 30 days after the later of: (i) the expiration of the cure period, if any, granted to the Developer with respect to such non-monetary default; or (ii) receipt of such notice from the City; provided, however, that if such non-monetary default is not reasonably capable of being cured by the Lenders within such 30-day period, such period shall be extended for such reasonable period of time as may be necessary to cure such default, provided that the party seeking such cure must continue diligently to pursue such cure and, if possession of the Project is necessary to effect such cure, the party seeking such cure must have instituted appropriate legal proceedings to obtain possession.

SECTION 16. 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) overnight courier, or (c) registered or certified or facsimile mail, return receipt requested.

If to City:	City of Chicago Department of Community Development 121 North LaSalle Street, 10th Floor Chicago, Illinois 60602 Attention: Acting Commissioner cc: Manager of Special Finance
With Copies To:	City of Chicago Department of Law Finance and Economic Development Division 121 North LaSalle Street, Room 600 Chicago, IL 60602
and:	Department of Finance City of Chicago 121 North LaSalle Street, Room 501 Chicago, Illinois 60602 Attn: City Comptroller
If to Developer:	Arches Retail Development LLC 330 S. Wells, Suite 400 Chicago, IL 60606 Attention: _____

with a copy to: DLA Piper US LLP
203 North LaSalle Street, 19th Floor
Chicago, IL 60601
Attention: Andrew Scott

and to: Oakwood Shores Terrace Associates Limited Partnership
_____
_____
Attention: _____

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

To Senior Lender: _____
_____
Attn: _____

With copy to: _____
_____
Attn: _____

To Investor Limited Partner: _____
_____
Attn: _____

and with a copy to: _____
_____
Attn: _____

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

SECTION 17. MISCELLANEOUS

17.01 Amendment. This Agreement and the Exhibits attached hereto may not be amended without the prior written consent of the City and the Developer.

17.02 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.

17.03 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.

17.04 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.

17.05 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.

17.06 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.

17.07 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.

17.08 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.

17.09 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.

17.10 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.

17.11 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.

17.12 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.

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

17.14 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 the Redevelopment Agreement to the Senior Lender, if the Senior Lender requires such collateral assignment. Any successor in interest to the Developer under this Agreement shall certify in writing to the City its agreement to abide by all terms of this Agreement for the Term of the Agreement, and shall execute an affidavit to the effect that it is in compliance with all applicable City ordinances and is otherwise qualified to do business with the City.

17.15 Binding Effect. This Agreement shall be binding upon the Developer and its successors and permitted assigns and shall inure to the benefit of the City, its successors and assigns. The provisions of this Agreement pertaining to the obligations of the City shall be binding upon the City.

17.16 Force Majeure. For the purposes of any of the provisions of this Agreement, neither the City nor the Developer, as the case may be, nor any successor in interest, 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 quantity for an abnormal duration, tornadoes or cyclones and other events or conditions beyond the reasonable control of the party affected which in fact interferes with the ability of such party to discharge its respective obligations hereunder.

17.17 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.

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

SECTION 18. MORTGAGING OF THE PROJECT

All mortgages or deeds of trust in place as of the date hereof with respect to the Retail Property or any portion thereof are listed as Permitted Liens on Exhibit K 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 Retail 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 Retail Property or any portion thereof with the prior written consent of the City is referred to herein as a "Permitted Mortgage" including the proposed permanent senior loan to be made by Enterprise Mortgage Investments, Inc., and the mortgage securing the permanent loan. 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 Retail 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 17.14 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 Retail 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 17.14 hereof, the City hereby agrees to attorn to and recognize such party as the successor in interest to the Developer for all purposes under this Agreement so long as such party accepts all of the obligations and liabilities of "the Developer" hereunder; 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 Final Certificate pursuant to Section 7 hereof, no New Mortgage shall be executed with respect to the Retail Property or any portion thereof without the prior written consent of the Commissioner.

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.

ARCHES RETAIL DEVELOPMENT LLC, an Illinois limited liability company

By: Granite Madden Wells Retail, LLC, an Illinois limited liability company and its managing member

By: _____
Name: _____
Title: _____

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

By: _____
Christine Raguso, Acting Commissioner

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, _____, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that _____, personally known to me to be the _____ of Granite Madden Wells Retail, LLC, an Illinois limited liability company and the managing member (the "Manager") of Arches Retail Development LLC, an Illinois limited liability company (the "Developer") and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me in person and acknowledged that s/he signed, sealed, and delivered said instrument, pursuant to the authority given to her/him by the Manager and the Developer as her/his free and voluntary act and as the free and voluntary act of the above-named entities, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this ___ day of _____, 2010.

_____
Notary Public

My commission expires_____
(SEAL)

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, _____, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Christine Raguso, personally known to me to be the Acting Commissioner of the Department of Housing 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 in person and acknowledged that she signed, sealed, and delivered said instrument pursuant to the authority given to her by the City, as her free and voluntary act and as the free and voluntary act of the City, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this ___ day of _____, 2010.

_____
Notary Public

My commission expires_____

(SEAL)

[(Sub)Exhibits "A", "B-1", "B-2", "B-3", "C", "E-2", "F", "G", "I", "J", "K", "L", "M", "N" and "O" referred to in this Arches Retail Development L.L.C. Redevelopment Agreement unavailable at time of printing.]

(Sub)Exhibits "D-1A", "D-1B", "D-2", "E-1" and "H" referred to in this Arches Retail Development L.L.C. Redevelopment Agreement read as follows:

(Sub)Exhibit "D-1A".
(To Arches Retail Development, L.L.C. Redevelopment Agreement)

Form Of City Note A.

Form of City Note A for up to a maximum amount of One Million Nine Hundred Fifty Thousand Dollars ($1,950,000) and related Certificate of Expenditure are attached to this exhibit cover sheet.

Certificate Of Expenditure.

_____, 20___.

To: Registered Owner

Re: City of Chicago, Cook County, Illinois (the "City")
$1,950,000 Tax Increment Allocation Revenue Note
(Arches Retail Development, L.L.C. Project Redevelopment Project),
Taxable Series A (the "City Note A")

This Certificate is submitted to you, as Registered Owner of City Note A, pursuant to the Ordinance of the City authorizing the execution of City Note A adopted by the City Council of the City on _____, 2010 (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 the City Note A 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 City Note A is $ _____, including the amount of this Certificate and less payment made on City Note A.

In Witness Whereof, The City has caused this Certificate to be signed on its behalf as of _____, _____.

City of Chicago

By: _____
_____Commissioner,
Department of Planning
and Development

Authenticated By:

_____
Registrar

Registered
Number R-1A

Maximum Amount
Not To Exceed
$1,950,000

United States Of America

State Of Illinois

County Of Cook

City Of Chicago

Tax Increment Allocation Revenue Note
(Arches Retail Development, L.L.C. Project Redevelopment Project)
Taxable Series A.

Registered Owner: Arches Retail Development, L.L.C., an Illinois limited liability company

Interest Rate: ____% per annum (but not more than 9%)

Maturity Date: December 31, 2027

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 to pay costs of the Project (as hereafter defined) in accordance with the ordinance hereinafter referred to up to the principal amount of One Million Nine Hundred Fifty Thousand Dollars ($1,950,000) and to pay the Registered Owner or registered assigns 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 three hundred sixty (360) day year of twelve (12) thirty (30) day months. Interest on accrued but unpaid interest on this Note shall also accrue at the Interest Rate per year specified above. Principal of and interest on this Note are payable on or before May 1st of each year following issuance of the Certificate (as defined in the Redevelopment Agreement) from a percentage of Available Incremental Taxes as provided in the Redevelopment Agreement (hereinafter defined), to be applied first to accrued and unpaid interest and the balance to principal.

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 (15th) 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 Unites 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.

This Note is issued by the City in fully registered form in the aggregate principal amount of advances made from time to time by Arches Retail Development, L.L.C., an Illinois limited liability company (the "Developer"), of up to One Million Nine Hundred Fifty Thousand Dollars ($1,950.000) for the purpose of paying the costs of certain eligible redevelopment project costs incurred by Developer in connection with the redevelopment of property in the Madden/Wells Redevelopment Project Area (the "Project Area") in the City, with such redevelopment work and related construction being defined as the "Project", 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.) as amended (the "T.I.F. Act"), the Local Government Debt Reform Act (30 ILCS 350/1, et seq.) as amended and an ordinance adopted by the City Council of the City on _____, 2010 (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 T.I.F. Act and the Ordinance, in order to pay the principal of and interest of the Note. The revenues so pledged are described in the Redevelopment Agreement (hereinafter defined) as: "Available Incremental Taxes". Reference is hereby made to the aforesaid Ordinance 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 Not A General Or Moral Obligation Of The City But Is A Special Limited Obligation Of The City, And Is Payable Solely From Available Incremental Taxes, And Shall Be A Valid Claim Of The Registered Owner Hereof Only Against Said 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 Of Or Interest On This Note.

The principal of this Note is subject to prepayment and redemption at any time without premium or penalty.

This Note is transferable with the consent of the City 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 (15th) day of the month immediately prior to the maturity date of this Note nor to transfer this Note after notice calling this Note or a portion hereof for prepayment or redemption has been mailed, nor during a period of five (5) days next preceding mailing of a notice of prepayment or 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 dated as of _____, 2010 (the "Redevelopment Agreement") between the City and Developer, Developer has agreed to construct the Project and to advance funds for the incursion under the T.I.F. Act of certain eligible redevelopment project costs related to the Project. Such costs up to the amount of One Million Nine Hundred Fifty Thousand Dollars ($1,950,000) shall be deemed to be a disbursement of the proceeds of this Note, and the outstanding principal amount of this Note shall be increased by the amount of each such advance from time to time. The principal amount outstanding of this Note shall be the sum of advances made pursuant to certificates of expenditure ("Certificates of Expenditure") executed by the City in accordance with the Redevelopment Agreement, minus any principal amount paid on this Note. The City shall not execute Certificates of Expenditure with respect to this Note that total in excess of One Million Nine Hundred Fifty Thousand Dollars ($1,950,000).

Pursuant to Sections 4.03 and 15.02 of the Redevelopment Agreement, the City has reserved the right to terminate and suspend payments on this Note upon the occurrence and continuance of certain events, as described in the Redevelopment Agreement. Such right shall survive any transfer of this Note by the Registered Owner.

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.

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 _____, _____.

_____
Mayor

[Seal]

Attest:

_____
City Clerk

Certificate

Of

Authentication

Registrar and Paying Agent:

Comptroller of the
City of Chicago,
Cook County, Illinois

This Note is described in the within mentioned Ordinance and is the $1,950,000 Tax Increment Allocation Revenue Note (Arches Retail Development, L.L.C. Project Redevelopment Project), Taxable Series A, of the City of Chicago, Cook County, Illinois.

_____
Comptroller

Date: _____

$1,950,000
City Note A

Debt Service Schedule.

(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 as of: _____

City of Chicago, Illinois

By: _____

Title: _____, Department of Community Development

(Sub)Exhibit "D-1B".
(Arches Retail Development, L.L.C. Redevelopment Agreement)

Form Of City Note 1.

Form of City Note 1 for up to a maximum amount of One Million Five Hundred Thousand Dollars ($1,500,000), and related Certificate of Expenditure are attached to this exhibit cover sheet.

Certificate Of Expenditure.

_____, 20___.

To: Registered Owner

Re: City of Chicago, Cook County, Illinois (the "City")
$1,500,000 Tax Increment Allocation Revenue Note
(Arches Retail Development, L.L.C. Project Redevelopment Project),
Series A (the "City Note A")

This Certificate is submitted to you, Registered Owner of City Note 1, pursuant to the Ordinance of the City authorizing the execution of City Note 1 adopted by the City Council of the City on _____, 2010 (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 the City Note 1 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 City Note 1 is $_____, including the amount of this Certificate and less payment made on City Note 1.

In Witness Whereof, The City has caused this Certificate to be signed on its behalf as of _____, _____.

City of Chicago

By: _____
Commissioner,
Department of Community
Development

Authenticated By:

_____
Registrar

Registered
Number R-1

Maximum Amount
Not To Exceed
$1,500,000

United States Of America

State Of Illinois

County Of Cook

City Of Chicago

Tax Increment Allocation Revenue Note
(Arches Retail Development, L.L.C. Project Redevelopment Project)
Tax Exempt Series A.

Registered Owner: Arches Retail Development, L.L.C., an Illinois limited liability company

Interest Rate: ____% per annum (but not more than 9%)

Maturity Date: December 31, 20___ [one year following expiration of T.I.F. Area]

**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 to pay costs of the Project (as hereafter defined) in accordance with the ordinance hereinafter referred to up to the principal amount of One Million Five Hundred Thousand Dollars ($1,500,000) and to pay the Registered Owner or registered assigns 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 three hundred sixty (360) day year of twelve (12) thirty (30) day months. Interest on accrued but unpaid interest on this Note shall accrue at the Interest Rate per year specified above. Principal of and interest on this Note are payable annually on or before May 1st of each year from a percentage of Available Incremental Taxes as provided in the Redevelopment Agreement (hereinafter defined), to be applied first to accrued and unpaid interest and the balance to principal.

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 (15th) 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 Unites 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.

This Note is issued by the City in fully registered form in the aggregate principal amount of advances made from time to time by Arches Retail Development, L.L.C., an Illinois limited liability company (the "Developer"), of up to One Million Five Hundred Thousand Dollars ($1,500,000) for the purpose of paying the costs of certain eligible redevelopment project costs incurred by Developer in connection with the redevelopment of property in the Madden/Wells Redevelopment Project Area (the "Project Area") in the City, with such redevelopment work and related construction being defined as the "Project", 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.) as amended (the "T.I.F. Act"), the Local Government Debt Reform Act (30 ILCS 350/1, et seq.) as amended and an ordinance adopted by the City Council of the City on _____, 2010 (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 T.I.F. Act and the Ordinance, in order to pay the principal of and interest of the Note. The revenues so pledged are described in the Redevelopment Agreement (hereinafter defined) as: "Available Incremental Taxes". Reference is hereby made to the aforesaid Ordinance 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 Not A General Or Moral Obligation Of The City, But Is A Special Limited Obligation Of The City, And Is Payable Solely From The Available 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 Of Or Interest On This Note.

The principal of this Note is subject to prepayment and redemption at any time without premium or penalty (except during any City Note 1 Lock-Out Period, as defined in the Redevelopment Agreement).

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 the Redevelopment Agreement, 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 (15th) day of the month immediately prior to the maturity date of this Note nor to transfer this Note after notice calling this Note or a portion hereof for prepayment or redemption has been mailed, nor during a period of five (5) days next preceding mailing of a notice of prepayment or 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 dated as of _____, 2010 (the "Redevelopment Agreement") between the City and Developer, Developer has agreed to construct the Project and to advance funds for the incursion under the T.I.F. Act of certain eligible redevelopment project costs related to the Project. Such costs up to the amount One Million Five Hundred Thousand Dollars ($1,500,000) shall be deemed to be a disbursement of the proceeds of this Note, and the outstanding principal amount of this Note shall be increased by the amount of each such advance from time to time. The principal amount outstanding of this Note shall be the sum of advances made pursuant to certificates of expenditure ("Certificates of Expenditure") executed by the City in accordance with the Redevelopment Agreement, minus any principal amount paid on this Note. The City shall not execute Certificates of Expenditure with respect to this Note that total in excess of One Million Five Hundred Thousand ($1,500,000).

The City shall have no right to suspend and/or terminate payments of principal and of interest on this Note. The City shall be obligated to make payments under this Note notwithstanding that an Event of Default (as defined in the Redevelopment Agreement or in any other agreement between Arches Retail Development, L.L.C. and the City), or condition or event that with notice or the passage of time or both would constitute an Event of Default, has occurred. Such obligations shall survive any transfer, pledge or conveyance of this Note and/or termination of the Redevelopment Agreement and/or any other agreement between Arches Retail Development, L.L.C. and the City.

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.

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 _____, _____.

_____
Mayor

[Seal]

Attest:

_____
City Clerk

Certificate

Of

Authentication

Registrar and Paying Agent:

Comptroller of the
City of Chicago,
Cook County, Illinois

This Note is described in the within mentioned Ordinance and is the $1,500,000 Tax Increment Allocation Revenue Note (Arches Retail Development, L.L.C. Project Redevelopment Project), Series A, of the City of Chicago, Cook County, Illinois.

_____
Comptroller

Date: _____

$1,500,000
City Note 1

Debt Service Schedule.

(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 as of: _____.

City of Chicago, Illinois

By: _____

Title: _____, Department of Community Development

(Sub)Exhibit D-2".
(To Arches Retail Development, L.L.C. Redevelopment Agreement)

Form Of City Note 2.

Form of City Note 2 for up to a maximum amount of Four Hundred Fifty Thousand Dollars ($450,000) (plus accrued interest from City Note A), and related Certificate of Expenditure are attached to this exhibit cover sheet.

Certificate Of Expenditure.

_____, 20___.

To: Registered Owner

Re: City of Chicago, Cook County, Illinois (the "City")
$450,000 Tax Increment Allocation Revenue Note
(Arches Retail Development, L.L.C. Project Redevelopment Project),
Taxable Series B (the "City Note 2")

This Certificate is submitted to you, Registered Owner of City Note 2, pursuant to the Ordinance of the City authorizing the execution of City Note 2 adopted by the City Council of the City on _____, 2010 (the "Ordinance"). All terms used herein shall have the same meanings as when used in the Ordinance.

The City hereby certifies that $_____ is advanced as principal under the City Note 2 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 City Note 2 is $_____, including the amount of this Certificate and less payments made on City Note 2.

In Witness Whereof, The City has caused this Certificate to be signed on its behalf as of _____, _____.

City of Chicago

By: _____
Commissioner,
Department of Community
Development

Authenticated By:

_____
Registrar

Registered
Number R-1

Maximum Amount
Not To Exceed
450,000

United States Of America

State Of Illinois

County Of Cook

City Of Chicago

Tax Increment Allocation Revenue Note
(Arches Retail Development, L.L.C. Project Redevelopment Project)
Taxable Series B.

Registered Owner: Arches Retail Development, L.L.C., an Illinois limited liability company

Interest Rate: ____% per annum (but not more than 9%)

Maturity Date: December 31, 20_____ [one year following expiration of T.I.F. Area]

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 to pay costs of the Project (as hereafter defined) in accordance with the ordinance hereinafter referred to up to the principal amount of Four Hundred Fifty Thousand Dollars ($450,000) (excluding interest accrued on City Note A, as defined in the Redevelopment Agreement) and to pay the Registered Owner or registered assigns 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 three hundred sixty (360) day year of twelve (12) thirty (30) day months. Interest on accrued but unpaid interest on this Note shall accrue at the Interest Rate per year specified above. Principal of and interest on this Note are payable on or before May 1st of each year from a percentage of Available Incremental Taxes as provided in the Redevelopment Agreement (hereinafter defined), to be applied first to accrued and unpaid interest and the balance to principal.

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 (15th) 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 Unites 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.

This Note is issued by the City in fully registered form in the aggregate principal amount of advances made from time to time by Arches Retail Development, L.L.C., an Illinois limited liability company (the "Developer"), of up to Four Hundred Fifty Thousand Dollars ($450,000) (excluding interest accrued on City Note A) for the purpose of paying the costs of certain eligible redevelopment project costs incurred by Developer in connection with the redevelopment of property in the Madden/Wells Redevelopment Project Area (the "Project Area") in the City, with such redevelopment work and related construction being defined as the "Project", 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.) as amended (the "T.I.F. Act"), the Local Government Debt Reform Act (30 ILCS 350/1, et seq.) as amended and an Ordinance adopted by the City Council of the City on _____, 2010 (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 T.I.F. Act and the Ordinance, in order to pay the principal and interest of the Note. The revenues so pledged are described in the Redevelopment Agreement (hereinafter defined) as: "Available Incremental Taxes". Reference is hereby made to the aforesaid Ordinance 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 Not A General Or Moral Obligation Of The City But Is A Special Limited Obligation Of The City, And Is Payable Solely From Available Incremental Taxes, And Shall Be A Valid Claim Of The Registered Owner Hereof Only Against Said 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 Of Or Interest On This Note.

The principal of this Note is subject to prepayment and redemption at any time without premium or penalty (except during any City Note 2 Lock-Out Period, as defined in the Redevelopment Agreement).

This Note is transferable with the consent of the City 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 (15th) day of the month immediately prior to the maturity date of this Note nor to transfer this Note after notice calling this Note or a portion hereof for prepayment or redemption has been mailed, nor during a period of five (5) days next preceding mailing of a notice of prepayment or 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 dated as of _____, 2010 (the "Redevelopment Agreement") between the City and Developer, Developer has agreed to construct the Project and to advance funds for the incursion under the T.I.F. Act of certain eligible redevelopment project costs related to the Project. Such costs up to the amount of Four Hundred Fifty Thousand Dollars ($450,000) (excluding interest accrued under City Note A) shall be deemed to be a disbursement of the proceeds of this Note, and the outstanding principal amount of this Note shall be increased by the amount of each such advances from time to time. The principal amount outstanding of this Note shall be the sum of advances made pursuant to certificates of expenditure ("Certificates of Expenditure") executed by the City in accordance with the Redevelopment Agreement, minus any principal amount paid on this Note. The City shall not execute Certificates of Expenditure with respect to this Note that total in excess of Four Hundred Fifty Thousand Dollars (450,000) (excluding interest accrued under City Note A). The principal amount of this Note may be reduced as provided in the Redevelopment Agreement.

Pursuant to Sections 4.03, 4.05 and 15.02 of the Redevelopment Agreement, the City has reserved the right to terminate and suspend payments of principal of and interest on this Note upon the occurrence and continuance of certain events, as described in the Redevelopment Agreement. Such right shall survive any transfer of this Note by the Registered Owner.

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.

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 _____, ___.

_____
Mayor

[Seal]

Attest:

_____
City Clerk

Certificate

Of

Authentication

Registrar and Paying Agent:

Comptroller of the
City of Chicago,
Cook County, Illinois

This Note is described in the within mentioned Ordinance and is the $450,000 Tax Increment Allocation Revenue Note (Arches Retail Development, L.L.C. Project Redevelopment Project), Series B, of the City of Chicago, Cook County, Illinois.

_____
Comptroller

Date: _____

$450,000
City Note 2

Debt Service Schedule.

(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 as of: _____.

City of Chicago, Illinois

By: _____

Title: _____, Department of Community Development

(Sub)Exhibit "E-1".
(To Arches Retail Development L.L.C. Redevelopment Agreement)

Project Budget.

Total:	$8,660,354

(Sub)Exhibit "H".
(To Arches Retail Development L.L.C. Redevelopment Agreement)

Requisition Form For T.I.F.-Funded Interest Costs.

The undersigned, [Name] , [Title] of [_____] (the "Developer"), does hereby certify to the City of Chicago, Illinois (the "City") as follows (any term which is capitalized but not specifically defined herein shall have the same meaning as set forth in that certain Redevelopment Agreement ("Agreement") dated _____, 2010, by and between the City and Developer:

1. That the Developer has incurred, accrued and/or paid the following parties for the listed items, each of which constitutes interest related to the construction of the Project:

   Senior Lender $_____

2. That none of the items listed in paragraph 1, above, has been the subject of any other requisition for payment;

3. That including the payment requested hereunder, the payments from the City during this year for interest cost do not exceed 75 percent of the interest costs incurred by the Developer with regard to Project during this year [, plus accruals];

4. That including the payment requested hereunder, the total of interest payments to date from the City does not exceed 75 percent of the total Project Cost actually incurred by the Developer;

5. That the remaining balance of th T.I.F.-Funded Interest Costs which are eligible for reimbursement under the Redevelopment Agreement taking this requisition into account are as follows:

Maximum Amount	Current Annual Unpaid Amount Accrued	Accrued And Balance Amount Prior Requisitions (1)	Accrued And Unpaid (2)	Paid To Date (3)
$_____ (4)	_____	_____	_____	_____

(1) Represents the sum of the following unpaid amounts for the specified years: $ _____ for 200__; $ _____ for 200__; $ ____ for 200__.

(2) Sum of Columns 2 and 3.

(3) After giving effect to the payment covered by this Requisition Form.

(4) Subject to reduction if general real estate taxes are abated, as described in the Agreement.

6. That attached as (Sub)Exhibit 1 are true and correct copies of monthly invoices for the Senior Loan sent to the Developer by the Senior Lender;

In Witness Whereof, I have hereunto affixed my signature this __ day of _____, _____.

_____

By: _____

Its: _____

[(Sub)Exhibit 1 referred to in the Requisition Form for T.I.F. Funded Interest Costs unavailable at time of printing.]

_____

ISSUANCE OF CITY NOTES AND EXECUTION OF LOAN AND REDEVELOPMENT AGREEMENTS.

[O2010-831]

The Committee on Finance submitted the following report:

CHICAGO, March 10, 2010.

To the President and Members of the City Council:

Your Committee on Finance, having had under consideration an ordinance authorizing entering into and executing a loan agreement with Hairpin Lofts, L.L.C., the authority to enter into and execute a residential redevelopment agreement with Hairpin Lofts, L.L.C. and Brinshore 2800 Corp. and the authority to enter into and execute a retail redevelopment agreement with Hairpin Retail, L.L.C. and Brinshore 2800 Corp., amount of the funding not to exceed: $6,600,000, having had the same under advisement, begs leave to report and recommend that Your Honorable Body *Pass* the proposed ordinance transmitted herewith.